The Michael Price Student Investment Fund

The Leonard N. Stern School of Business – New York University

Annual Report
February 28, 2018

NYU STERN'S MICHAEL PRICE STUDENT INVESTMENT FUND
A FAMILY OF FUNDS MANAGED BY
NYU STERN SCHOOL OF BUSINESS MBA STUDENTS

WHAT IS THE MICHAEL PRICE STUDENT INVESTMENT FUND?

With $1.9 million currently under management, the Michael Price Student Investment Fund ("MPSIF" or "the Funds") is a family of funds managed directly by NYU Stern MBA students. The Funds, part of the overall NYU endowment, were established in 1999 through a generous gift from Michael Price, Managing Partner, MFP Investors, LLC and former Chairman of Franklin Mutual Series Funds.

WHAT IS UNIQUE ABOUT MPSIF?

The Michael Price Student Investment Fund provides Stern MBA students with hands on experience managing real Funds with significant assets. In addition, the Funds are required to pay an annual 5% dividend to the University Of Oklahoma Price School Of Business, Mr. Price's undergraduate alma mater. This dividend assists students with their tuition and living expenses so they can attend summer classes at Stern. Additionally, MPSIF maintains a transparent record of our performance and classroom activities.

WHAT IS THE PORTFOLIO COMPOSITION?

For diversification purposes, MPSIF is divided into three equity Funds - Growth, Value and Small Cap - and one Fixed Income Fund. While each sub-Fund has its own performance benchmark (Russell 1000 Growth Index, Russell 1000 Value Index, Russell 2000 and the Vanguard Total Bond Index, respectively), MPSIF's primary goal is to deliver overall positive returns.

WHAT ROLE DO STERN MBA STUDENTS PLAY IN MANAGING THE FUNDS?

Students must go through a competitive process to become a portfolio manager or analyst with the Funds, which is the basis of Stern's "Managing Investment Funds" course. Stern MBAs must apply to this course, and demand has always exceeded available spots. About 40 students enroll each year and are then responsible for all Fund activities—screening and evaluating stocks, preparing and presenting pitches for buy and sell recommendations and strategizing on broader portfolio issues as they relate to sectors allocation. For the Fixed Income Fund the primary role of analysts is to make tactical allocation recommendations and decisions based on market outlook and economic analyses among various product sectors.

Executive Committee – Spring 2018

President	Julia Wagner
Portfolio Manager, Fixed Income Fund	Yang Yang, Vikram Gulati
Co-Portfolio Managers, Growth Fund	Tina Kou, Natalie Sammarco
Co-Portfolio Managers, Small Cap Fund	Tina Kou, Samantha Wei
Co-Portfolio Managers, Value Fund	Alexander Graff, Frances Smith
Faculty Advisor	Professor Anthony Marciano

Executive Committee – Fall 2017

President	Mohnish Zaveri
Co-Portfolio Managers, Fixed Income Fund	Abhinav Sharma and Ugur Yegen
Co-Portfolio Managers, Growth Fund	William Li and Simon Walenski
Co-Portfolio Managers, Small Cap Fund	Xiaohua (Levin) Li and Diven Sharma
Co-Portfolio Managers, Value Fund	Neville Commissariat and Jieli (Jerry) Diao
Faculty Advisor	Professor Anthony Marciano

Internal Leadership – Spring 2018

Annual Report	Amy (Ahyun) Kim
Economic Strategy	Charles Perron-Piche, Divya Singaravelu, Wenjun Wu, Doris Nan, Charles Wallace, Matthew Parker

Management Advisory Council

John Apruzzese, CIO, Evercore Wealth Management
Nomi Ghez, Co-founder of Circle Financial Group, retired Partner and Managing Director, Goldman Sachs
Randall Haase, Managing Director and Portfolio Manager, Loeb Partners
Richard Saperstein, Managing Partner/Principal/Senior Portfolio Manager, Treasury Partners
Michael Weinberg, Chief Investment Strategist, Protégé Partners
Mitchell Williams, Head of Securities, Wafra Investment Advisory Group

Ex Officio Members

Stephanie Pianka, Senior Vice President and CFO, New York University
Kathleen Jacobs, Chief Investment Officer, New York University

Board of Advisors

Dean Peter Henry, Stern School of Business, New York University
Duane R. Stock, Professor of Finance, Price College of Business, University of Oklahoma
Michael F. Price, Benefactor
Martin Gruber, Emeritus Professor of Finance, Stern School of Business
Richard Levich, Professor of Finance, Stern School of Business
Arthur Zeikel, Adjunct Professor of Finance, Stern School of Business

Resource Faculty

Aswath Damodaran, Professor of Finance, Stern School of Business
Martin Gruber, Professor (Emeritus) of Finance, Stern School of Business
Edward Kerschner, Adjunct Professor of Finance, Stern School of Business
Fred Renwick, Professor (Emeritus) of Finance, Stern School of Business
Matthew Richardson, Professor of Finance, Stern School of Business
Bruce Tuckman, Clinical Professor of Finance, Stern School of Business

TABLE OF CONTENTS

Letter from the Faculty Advisor

I am pleased to introduce the Annual Report for the Michael Price Student Investment Fund (MPSIF) for the fiscal year ending February 28, 2018. It has been an eventful term for the Fund that we have come out of positively with a 6.89% semi-annual return compared to the 6.84% earned by the benchmark.

The most significant event is that we formed a task force to determine direction for the fund in the turbulent times we live in for active investing. It was decided to close the Small Cap fund for a range of reasons including student interest as well as academic evidence pertaining to the performance of firm size as a factor. The cash generated by the dissolution of the Smallcap fund was allocated to each of the remaining three funds pro-rata. The result for now is that each of the remaining funds need to determine how to invest this incremental cash – in the neighborhood of $260,000 for each of the equity funds. This concluded, we are still left with the task of determining another equity fund that would be more popular in the times that we are living – areas such as ESG-based investing, quantitative analysis, or other popular strategies that we feel are likely to possess longevity. In addition, other administrative characteristics of the course are being considered to continue to provide a fruitful experience for the students. Any changes are meant to continue to generate the benefits we believe students receive in this form of experiential learning – a rare offering at highly regarded business schools.

Also in keeping in accordance with the changing times, we have updated the fund website to nyumpsif.com. This site has a more modern look and using squarespace, we are now able to adjust the website going forward ourselves without having to rely on the information technology staff to execute the changes to the site. The initial effort includes creating a Linkedin group for MPSIF alumni.

Times remain a challenge for active investing as moneys continue to flood into passive funds such as ETFs. To address these concerns, we had the luxury of enjoying fantastic visits from a range of speakers that included several members of our Management Advisory Council (MAC) as well as our benefactor Michael Price just this previous week. In addition, Peter Kraus, ex-CEO of AlianceBernstein and previous co-head of Goldman Sachs Asset Management, spoke to the class. We are very appreciative of these illuminating discussions and for all of the help that the members of the MAC have offered us both this term and over the previous ones. More than one speaker addressed the overall environment with the suggestion presented that a downturn in the market will likely be followed with renewed interest in active investing.

Let's examine the figures for MPSIF. The fund earned 6.89% the last six months in total return compared to a weighted benchmark return of 6.84% -- for a total overperformance relative to the benchmark of 6 bps. In an advancing market, it has been difficult for the fund to match market performance as is the case with a large number of active investors. Part of the problem is that sold positions remain in cash for some time and makes it more difficult to keep in stride with an increasing market. The aggregate fund has earned an annualized 5.53% per year since inception. In terms of the specific performance of each subfund, two of the four funds (Growth and Value) underperformed by over 2%; however, in the case of Growth the absolute return was an attractive 11.45%. Moreover, we again paid our annual 5% dividend to support the students of the University of Oklahoma to allow them to take classes at Stern for the amount of $103,700. This, our eighteenth dividend since inception, was based on assets under management of $2.074 million on March 31, 2018 and was paid on May 1st.

Overall, it was an especially busy time for the fund with the administrative initiatives primarily purposed to adjust the fund optimally for the future. This is on top of the challenges of traversing this difficult time for active investing. We believe the initiatives put forth are moving the Fund in a good direction. And I personally am excited about the direction of the Fund and it has again been a pleasure to work these things out with the students.

Anthony Marciano
Faculty Advisor, MPSIF
Feb 28, 2018

Letter from the President

The beginning of 2018 has been an exciting time in the markets, and the Michael Price Student Investment Fund has sought out gains across our sub-funds against a backdrop of volatility. I am proud to have overseen the Fund during the past several months and am excited to share with you its performance in more detail.

As active managers, our portfolio holdings reflect the diverse viewpoints and investing acumen of each student in the course, and our performance has tracked that of our benchmarks. We have also worked to diversify our holdings across industries and explored positions that increase our exposure to international markets. This semester we closed our Small-Cap Fund, allowing us to focus our energies more fully on Growth, Value, and Fixed Income. Inception to date, Small-Cap returned gains of 229.97%, or 6.86% on an annual basis, trailing the benchmark by 5.31% during that time period. Overall, MPSIF returned 6.89% over the past six months and 9.76% over the past year.

More broadly, we are active investors amid a shift toward index investing, ETFs, and passive funds. Actively-managed funds as a whole are struggling to beat their benchmarks. And with equity valuations at some of the highest levels in recent memory, it has been challenging to find value despite one of the longest bull markets in modern history. The FAANG stocks continue to dominate the growth benchmark, while strong value plays remain elusive. Nevertheless, students have shown dedication to the class by developing thoughtful investment theses and backing up their views with in-depth valuations.

It was also my pleasure to serve on the inaugural Task Force for MPSIF, which aims to improve the structure and content of the course. We gathered extensive feedback from students about their experience in the course as well as ideas for improvement. Our hope is that the findings of the Task Force will attract more students in the future and expand the experiential aspect for those pursuing careers in investment management. With the continued help of students, the administration, and finance faculty, we look forward to making improvements in the course over the next year.

On behalf of the students in the fund, I would like to thank the MAC for their continued dedication to MPSIF. Your time and guidance are invaluable as we strive to become the next generation of top investors. I would also like to thank our faculty advisor, Professor Anthony Marciano, for his commitment to our learning experience, and Michael Price, for making this experience possible for nearly two decades of Stern MBAs.

I am proud to have served MPSIF as President, and I look forward to watching the fund develop as the next class of students takes on this exciting challenge.

Julia Wagner
MPSIF President
Feb 28, 2018

The Michael Price Student Investment Fund

Review of Operations

The Michael Price Student Investment Fund is divided into four autonomous sub-funds: the Fixed Income Fund, the Growth Fund, the Small Cap Fund and the Value Fund. The Fund managers employ a well-defined, disciplined investment and diversification strategy.

We continued to work towards achieving the goals set by preceding Executive Committees while continuously striving to set new and better goals for the current year. Our progress and strategic objectives for the fiscal year were as follows:

- Continue to adjust our pitching structure to allow for more concise investment recommendations, requiring the same deep level of due diligence while increasing the number of actionable ideas presented in the funds
- Continue to measure our performance against more appropriate benchmarks
- Provide more focused sector and economic analysis to help make timely actionable investment recommendations
- Continue to invite successful investors as guest speakers to stimulate the learning process
- Decrease our holdings of cash and hold more Exchange Traded Funds (ETFs) and individual stocks
- Improve the risk management process and employ quality screens and bear pitches across the funds to better vet stock ideas

We started the semester with a "Pitching 101" session in which experienced second semester analysts presented stock pitches in front of the entire class in each sub-fund groups. Analysts in their second semester of MPSIF pitched a stock as a way to demonstrate the various elements of a pitch and the types of questions that typically arise during a presentation, to help the incoming class of analysts. Simon Walenski presented Turkcell (TKC), a stock that he originally pitched for the Growth Fund during the Spring of 2017. This was followed by a comprehensive sector and economic outlook presentation a couple weeks later. Analysts from each sub-fund took turns to walk through economic trends in US and globally. Charles Perron-Piche, Divya Singaravelu, Wenjun Wu, Doris Nan, Charles Wallace, and Matthew Parker presented their views on macroeconomic outlook and global market trends, followed by a sector overview. They suggested overweight on Financials in increasing interest rate environment and Technology & Media sectors while underweight Consumer Staples and Utilities.

Continuing with the trend, we also hosted a number of guest speakers from institutional investing space. All these guest lectures had strong attendance from the analyst class. Apart from learning about the investment philosophies and career track of these distinguished industry veterans, the analysts had the opportunity to ask striking questions about views on particular stocks and sectors.

We started this year off with Peter Kraus, ex-CEO of AlianceBernstein and previous co-head of Goldman Sachs Asset Management. We also had the chance to host Michael Weinberg, CIO of MOV37 and Protege Partners, Randall Hasse, founder of REH Investments, and Richard Saperstein, CIO of Treasury Partners. We have the pleasure of having all of them as part of the Management Advisory Council for the fund. They all shared their views on how to approach investment opportunity from industry research to specific company selection. Some shared their views on observing economic trends and current market environments. Overall, all these talks covered a wide area of topics from investing and sector outlook to career prospects in the investing / wealth management domain.

Assets Under Management & Cumulative Distributions

The Funds began operating on March 1, 2000 with an endowment of $1.8 million. As of February 28, 2018, our assets under management stand at $2.10 million, which represents a cumulative return of 163.3% (net). On an annualized basis since inception, MPSIF has earned 5.53% net of brokerage commissions and fees, just above our required annual 5% distribution. In addition, assets under management have slightly increased from $1.97 million of previous year to $2.10 million.

The overall Fund returned positive 6.89% in the last six months of the fiscal year and 9.76% over the last twelve months, trailing blended benchmarks by 6 and 120 bps, respectively. Note that blended benchmark is simple average of the four benchmarks. Overall fund performance for the trailing twelve month was negatively impacted by underperformance from all sub-funds (Small Cap, Value, and Growth Funds) except for Fixed Income Fund, which trailed their benchmarks by 2.13%, 1.15%, and 3.93% respectively. The Fixed Income Fund outperformed its benchmark by 12 bps.

Amy Kim
Annual Report

Performance of the Michael Price Student Investment Fund

For the period ending February 28, 2018

	6 Month	1 Year	3 Year		5 Year		Inception*	
			Cum.	Annualized	Cum.	Annualized	Cum.	Annualized
The Price Fund	6.89%	9.76%	15.73%	4.99%	51.03%	8.60%	163.31%	5.53%
*Blended Benchmark**	6.84%	10.95%	24.94%	7.71%	65.75%	10.64%	197.31%	6.24%
Relative - Net of Fees	0.06%	-1.20%	-9.22%	-2.72%	-14.73%	-2.04%	-34.01%	-0.71%
Small Cap Fund	10.06%	8.38%	21.15%	6.60%	55.78%	9.27%	229.97%	6.86%
Russell 2000 Index	8.29%	10.51%	28.86%	8.82%	79.07%	12.36%	235.28%	6.95%
Relative - Net of Fees	1.76%	-2.13%	-7.71%	-2.21%	-23.29%	-3.09%	-5.31%	-0.09%
Value Fund	5.09%	6.61%	18.35%	5.78%	70.01%	11.20%	270.54%	7.55%
Russell 1000 Value Index	7.26%	7.75%	24.24%	7.50%	74.04%	11.72%	265.17%	7.46%
Relative - Net of Fees	-2.17%	-1.15%	-5.89%	-1.73%	-4.03%	-0.52%	5.37%	0.09%
Growth Fund	11.45%	22.19%	18.36%	5.78%	63.31%	10.31%	45.69%	2.11%
Russell 1000 Growth Index	13.94%	26.11%	46.26%	13.51%	119.56%	17.03%	113.21%	4.30%
Relative - Net of Fees	-2.48%	-3.93%	-27.91%	-7.73%	-56.25%	-6.73%	-67.52%	-2.18%
Fixed Income Fund	-1.49%	0.63%	-0.92%	-0.31%	2.38%	0.47%	76.59%	3.66%
Vanguard Total Bond Fund	-2.15%	0.51%	1.85%	0.61%	6.27%	2.05%	84.87%	3.96%
Relative - Net of Fees	0.65%	0.12%	-2.76%	-0.92%	-3.89%	-1.58%	-8.28%	-0.30%

*Inception from March 1, 2000

* The blended benchmark is a simple weighted average of the four benchmarks. If we were to weight the benchmark performances by the respective fund weights, we would see a six-month total benchmark return of 10.36%.

*** Inception for all equity funds is March 1, 2000. The Fixed Income fund began operations on May 20, 2002.

All values calculated according to GIPS methodology, and hence adjust for time-weighted & external cash flows.

Benchmark Index Description

The purpose of benchmarking is to track the Funds' performance relative to the index that most closely resembles the investment mandate of each portfolio. It is important to note that while the Funds are measured against the market, our more critical and overarching goal is to provide an absolute rate of return that exceeds our annual distribution mandate to the University of Oklahoma plus the rate of inflation in a given year. Therefore, although we consider the aforementioned indices our benchmark, we are keenly focused on risk management in the construction of each sub-Fund.

Each of the four sub-Funds, Fixed Income, Growth, Small Cap, and Value, are benchmarked to a leading index in order to measure relative performance. The benchmarks are as follows:

- Fixed Income: Vanguard Total Bond Index Fund
- Growth: Russell 1000 Growth Index
- Small Cap: Russell 2000 Index
- Value: Russell 1000 Value Index

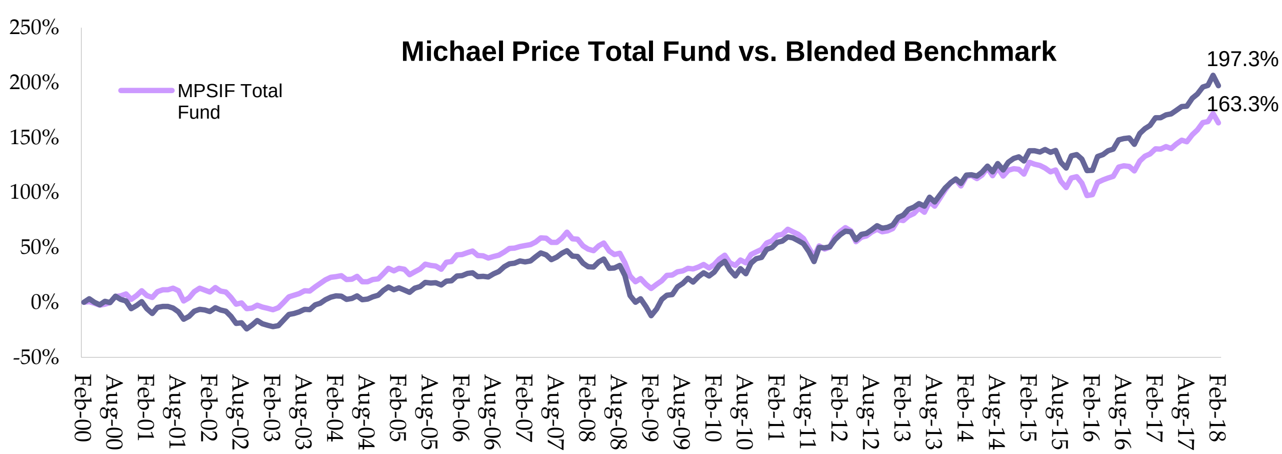
Vanguard Total Bond Index Fund measures the performance of fixed income securities. The benchmark has the following characteristics:

- Invests in U.S. Treasury, Investment-grade corporate, mortgage-backed, asset-backed securities
- Seeks to track the performance of the Barclays Capital Aggregate Bond Index
- Broadly diversifies exposure to investment-grade U.S. bond market
- Passively manages using index sampling
- Intermediate-duration portfolio and
- Provides moderate current income with high credit quality

The Russell 1000® Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, representing approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000® Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.



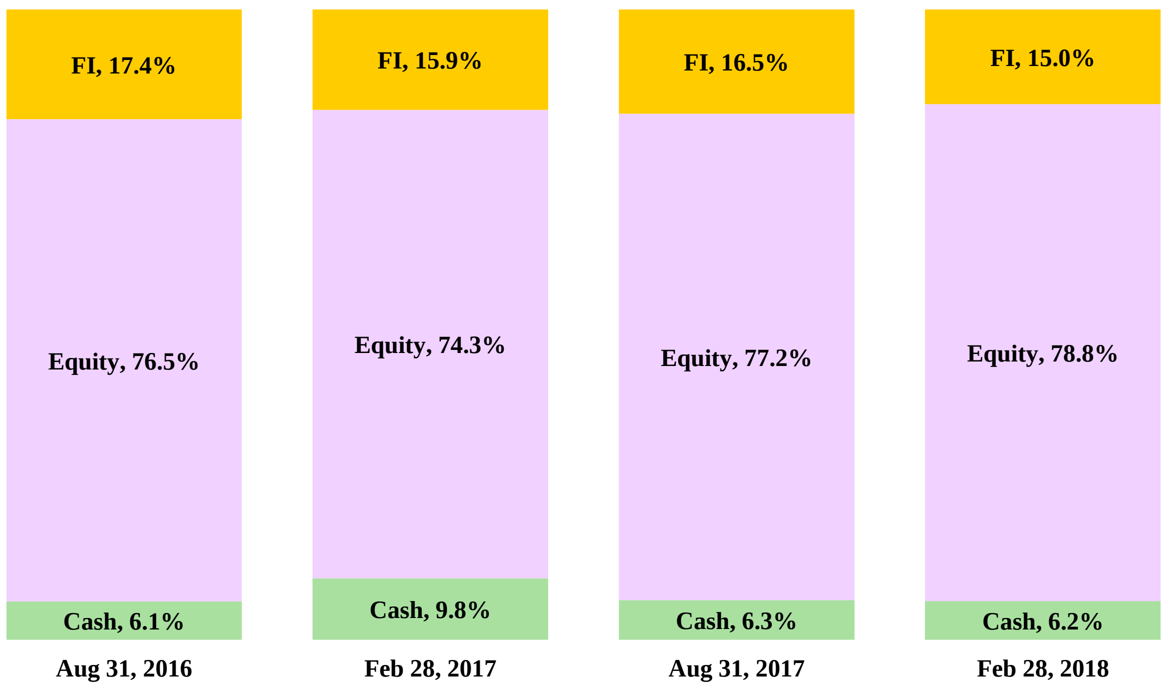
Asset Allocation

The following charts show our total asset allocation by asset class and our composite equity sector allocation. The Executive Committee does not utilize any top-down approach to set a target allocation.

During the last 6 months, overall the fund increased equity holdings and held less Fixed Income and Cash holdings.

As indicated in the Asset Allocation chart, Fixed Income decreased from 16.5% in the prior reporting period to 15.0%. Equities increased from 77.2% to 78.8% while cash slightly decreased from 6.3% to 6.2%.

Asset Allocation by Semi-Annual Periods



Fund Turnover

Portfolio Turnover for the Six Months Ending February 28, 2018

	Fixed Income Fund	Growth Fund	Small Cap Fund	Value Fund
Total Purchases	(1,274)	82,588	123,938	249,969
Total Sales	0	68,664	145,362	231,858
Minimum (Sales, Purchases)	(1,274)	68,664	123,938	231,858
Average Invested Assets	321,795	503,055	601,527	536,248
Turnover	0%	14%	21%	43%

** Turnover is calculated as the minimum of (sales during the period, purchases during the period) divided by the average invested assets for the period on a monthly basis. Average invested assets does include beginning of period assets in the calculation. As we are considering invested assets, these values exclude cash holdings.

Portfolio Turnover for the Six Months Ending August 31, 2017

	Fixed Income Fund	Growth Fund	Small Cap Fund	Value Fund
Total Purchases	(41,753)	85,920	112,080	407,362
Total Sales	41,334	108,747	54,102	455,076
Minimum (Sales, Purchases)	(41,753)	85,920	54,102	407,362
Average Invested Assets	323,273	457,001	555,794	509,299
Turnover	-13%	19%	10%	80%

** Turnover is calculated as the minimum of (sales during the period, purchases during the period) divided by the average invested assets for the period on a monthly basis. Average invested assets does include beginning of period assets in the calculation. As we are considering invested assets, these values exclude cash holdings.

The Growth Fund

Message from the Portfolio Managers

General Fund Discussion

For the six (6) month period from September 1, 2017 to February 28, 2018, the Growth Fund returned 11.45% versus the Russell 1000 Growth's 13.94% - the fund's relative performance was -2.48%, largely due to drag of several positions. We continue focusing on the overall strategy to shift our capital to less speculative growth stocks while investing in high quality growth names. Additionally, we carefully examined our industry exposure and diversified our holdings, leaning more towards sectors that have outperformed such as Information Technology. In doing so, we continued to utilize sector ETF strategy as well. Our team decided to hold a sector ETF if we find there are inefficient stock opportunities or less analysts expertise in the sector. Hence, we tried to strategically moved away from individual healthcare stocks and instead, chose to hold healthcare ETF.

US stock markets have seen new highs set repeatedly during the 6-month period. Particularly, the large-cap stocks vastly outperformed small-cap stocks and growth stocks outperformed value stocks. Hence, we continued to hold and/or add more defensive growth stocks to our portfolio that we still believe have high growth potential, with limited downside risk. These stocks particularly have performed well compared to other names as well. Some of our current holdings include Microsoft, Google, Apple, Facebook and United Healthcare. At the same time, we carefully selected opportunistic names within our favorable sector with significant diligence efforts. Our analysts tend to consider secular growth drivers of a particular industry and try to pick a winner in the sector that is poised to grow in the long term. Paypal is an example of our diligence efforts. We added to our Paypal position largely based on our belief in increasing digitalization of payment and monetization of Venmo. We purchased the stock at an average cost basis of $42.2, currently yielding approximately 76% in unrealized return. Overall, we reaffirmed our position to stay away from speculative names that were purchased at expensive multiples which punished us in the past.

We continued to implement new pitching process we constructed in the last semester - incorporate a list of requirements that need to be included in every pitch. By doing this, we have been much more strategic in our stock selection.

We tried assigning analyst stocks to watch over the break period. In the past, we had been stopped out of positions during volatility events occurring over breaks. With the new co-portfolio managers – Tina Kou and Natalie Sammarco – monitoring over the entire names with each analyst on the team, we ensured to stay alert on our holdings.

Lastly, we continue to define responsibilities and roles for each fund member and require members to give updates of their assigned stocks on a more frequent basis if material stock volatility noted.

Sector Allocation

While the Growth Fund is a bottom-up, long-term approach stock selection fund, we believe that sector selection is also essential. However, we do not assign analysts to cover any specific sector but allow them to specialize in sectors identified with their expertise. Students come from diverse backgrounds and may have insight into specific industries. Although we closely monitor and try to maintain our benchmark across the board, we have closed our positions in particular sectors that we feel underwhelmed due to our lack of expertise in the sector. We instead chose to hold sector ETFs in such sectors.

We reaffirmed our favorable position in Information Technology as we believe in our ability to pick growth companies at reasonable valuations. Our team regularly devote one full class session on sector discussions.

Improving Stock Selection

We continued to add our benchmark's top holdings, which we like, to better track its performance. This includes Broadcom added last semester and we have recently acquired Activation Blizzard to benefit from the growth of eSports.

Additionally, we closed our positions in GrubHub, CBS and Turk Cell. These companies either had been significant underperformers in our portfolio or reached the maximum potential in the recent period. After reviewing the original investment thesis, we agreed that the growth thesis was no longer justified by recent performance. Particularly the earnings and guidance given by the companies. We chose to realize losses on the stocks.

As part of an effort to make more informed stock picking decisions, we have leveraged many of the ideas that MAC members provided us last Fall. Since our meeting, the Growth fund has been consistently implementing new pitch requirements that force us all to be more diligent in our equity research.

This semester we have revamped our fund's group workflow, improving tools around voting, attendance, real time portfolio tracking, and pitch scheduling. We have updated our online voting process by using Google Forms. We required our student members to provide rationales along with their votes to buy, sell or no action, both on updates and full pitches. This encouraged students to listen closely to the pitches and think hard about the validity of the investment case. The approach both improved the quality of our voting and provided valuable feedback to members. We feel this spurs excellent dialogue and yields better stock selection. More importantly this way we ensure each member enhances his/her skills analyzing equity opportunities in a comprehensive way which goes a long way in overall performance improvement for the fund.

Tina Kou and Natalie Sammarco
Co-Portfolio Managers, MPSIF Growth Fund

Discussion of Performance

For the period ending February 28, 2018:

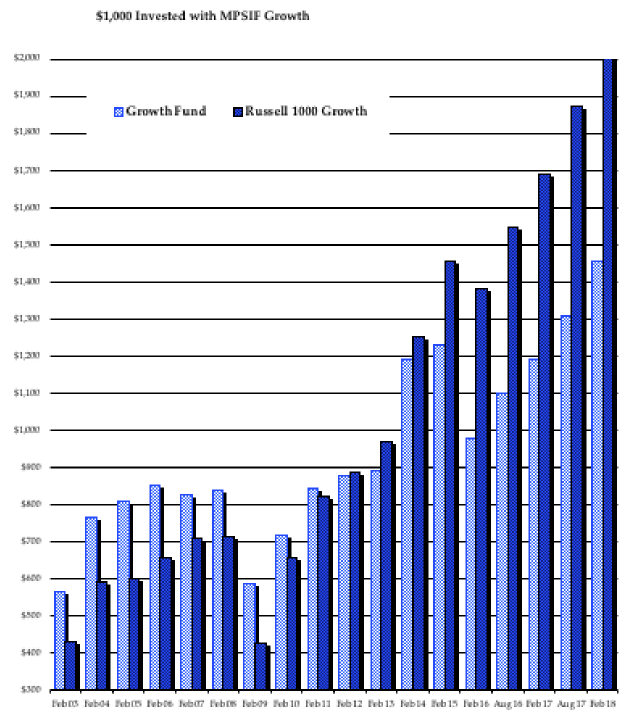
	6 Month	1 Year	3 Year		5 Year		Inception*	
			Cum.	Annualized	Cum.	Annualized	Cum.	Annualized
Growth Fund	**11.45%**	**22.19%**	**18.36%**	**5.78%**	**63.31%**	**10.31%**	**45.69%**	**2.11%**
Russell 1000 Growth Index	13.94%	26.11%	46.26%	13.51%	119.56%	17.03%	113.21%	4.30%
Relative - Net of Fees	-2.48%	-3.93%	-27.91%	-7.73%	-56.25%	-6.73%	-67.52%	-2.18%

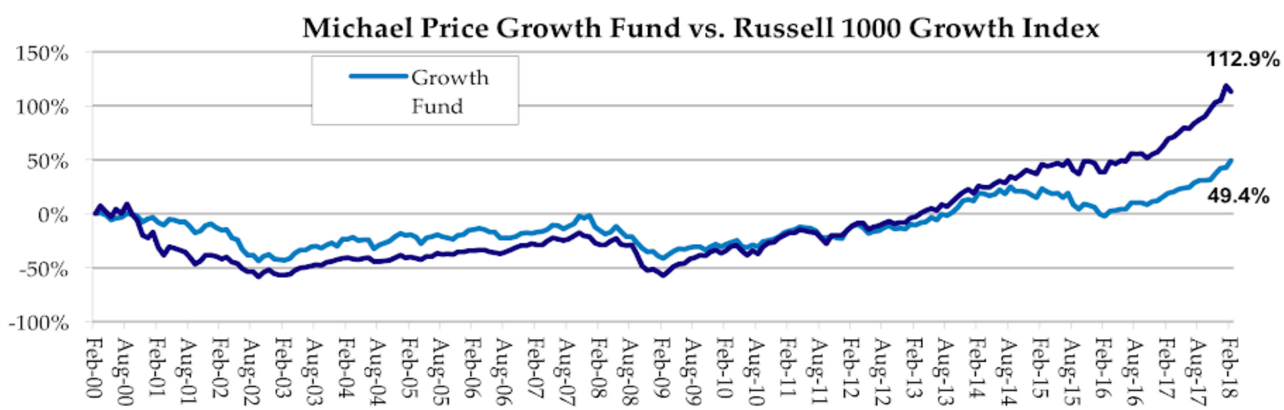
** Inception from March 1, 2000*

Performance Overview

The Growth Fund ("the Fund") underperformed on a relative basis from August 31, 2017 through February 28, 2018. During that time period, the Fund's six-month return was 11.45%, while the Russell 1000 Growth Index's return was 13.94%. This represents a -2.48% relative return for the Fund.

The Fund is still working to recover from heavy losses incurred during the first few years following its inception but has shown positive growth in recent periods. An investment of $1,000 in the Fund on February 1, 2000, would be valued at ~$1,500 on February 28, 2018. By comparison, the same $1,000 investment in the Russell 1000 Growth Index would be valued at ~$2,100.





Stock Picking

Top Performers	Return
Grubhub	74.13%
Discover Financial Services	33.72%
Paypal	28.75%
Bottom Performers	**Return**
Celgene	-19.74%
CBS Corporation	-8.51%
Tower Semiconductor	-3.94%

Return: *measures the stock's return (excluding dividends) since the later of September 1, 2017 or the date of acquisition to the earlier of February 28, 2018 or the date of disposition.*

Note: *in addition, this report uses prices as of the market close and not intraday numbers.*

The Growth Fund's six month return *(from February 28, 2017 to August 31, 2017)* of 9.63% underperformed the Russell 1000 Growth benchmark's return of 10.69% over the same period. The Growth Fund currently holds 20 individual stocks. During the six-month period ending February 28, 2018, 15 of those stocks generated positive returns.

Top Performers

Grubhub: Grubhub was purchased in May 2017 and was a top performer in the prior period as well. The stock was purchased with the view that digital food ordering will continue to gain prominence over traditional food ordering methods. It was noted that this trend is well underway in certain markets (ex. New York City) and that Grubhub is rapidly expanding into other markets, such as suburban areas and smaller cities, through partnering with restaurant chains and building out a delivery fleet.

Discover Financial Services: Discover was the top detractor during the last period but rebounded nicely during the most recent period. While the stock was down -17.14% over the last period, we maintained our position under the belief that Discover's net interest margin will remain strong due its lend-centric business model, which should continue to improve under future federal rate hikes. We also believe that the company's high excess capital optionality, with one of the highest capital ratios (13%) among financials, will allow Discover to pursue future M&A and continue to return value to shareholders through share repurchases.

Paypal: Paypal was purchased in the Fall of 2016 and has been among the top performing stocks over the last couple of periods. The investment thesis is largely based on the secular trend of increased payment digitization, as well as Paypal's ability to monetize Venmo. Paypal is the market leader in non-credit card online payments, and the volume of Venmo transactions has increased every quarter during the holding period.

Other strong performers during the period include Verisk Analytics (26.08%), Microsoft (25.41%) and Salesforce (21.74%).

Bottom Performers

Celgene: Celgene was purchased in the Winter of 2017 and was the bottom performer during the most recent six-month period. The stock was purchased with the belief that Celgene's robust product pipeline, extensive patent protections, as well as management's impressive track record, provided a long runway for future growth. This stock is a relatively new addition to the portfolio and we believe the investment theses need more time to come to fruition.

CBS: CBS was purchased in the Winter of 2017 with a thesis that CBS had a strong, incumbent position amongst broadcast networks, demonstrated solid growth in affiliate fee and subscription revenue and was an early mover in the OTT space. CBS has gradually been shifting away from traditional advertising revenue – a piece of the media ecosystem that is most at risk from the cord-cutting trend. With a focus on new revenue streams stemming from subscriptions and OTT platforms, we believe CBS will be better insulated from potential losses in advertising revenue than the other major broadcast networks will.

Tower Semiconductor: Tower was purchased in May 2017 and was a top performer during the prior period, yielding 42.25%. However, the stock has struggled slightly during the most recent period. We purchased Tower based on the thesis of strong growth in the company's key end markets, its high operating leverage during an up cycle, and its joint venture with Panasonic in 2014. Tower's end market growth was largely driven by the Internet of Things and the proliferation of autonomous systems, and Panasonic will continue to acquire its products from the joint venture through 2019.

Asset Allocation

At its core, the Growth Fund focuses on bottom-up stock-picking and fundamental analysis. The continued commitment to bottom-up stock selection is derived from the overall purpose of the course. The Fund is a seminar-style course in which students deploy skills learned in other classes in a hands-on and dynamic environment. We believe there are enormous benefits that come from the design of this course.

With that said, asset allocation is a significant focus and the Fund carefully considers appropriate allocation strategies. The Fund continues to utilize ETFs to increase its exposure to sectors with fewer individual security holdings, and we closely examine all of our holdings from a sector-specific context. This is done to ensure that the portfolio does not become drastically overweight in a particular sector for too long of a time period.

Despite our commitment to appropriate sector allocation, the Fund did differ from its benchmark at the end of the fiscal year.

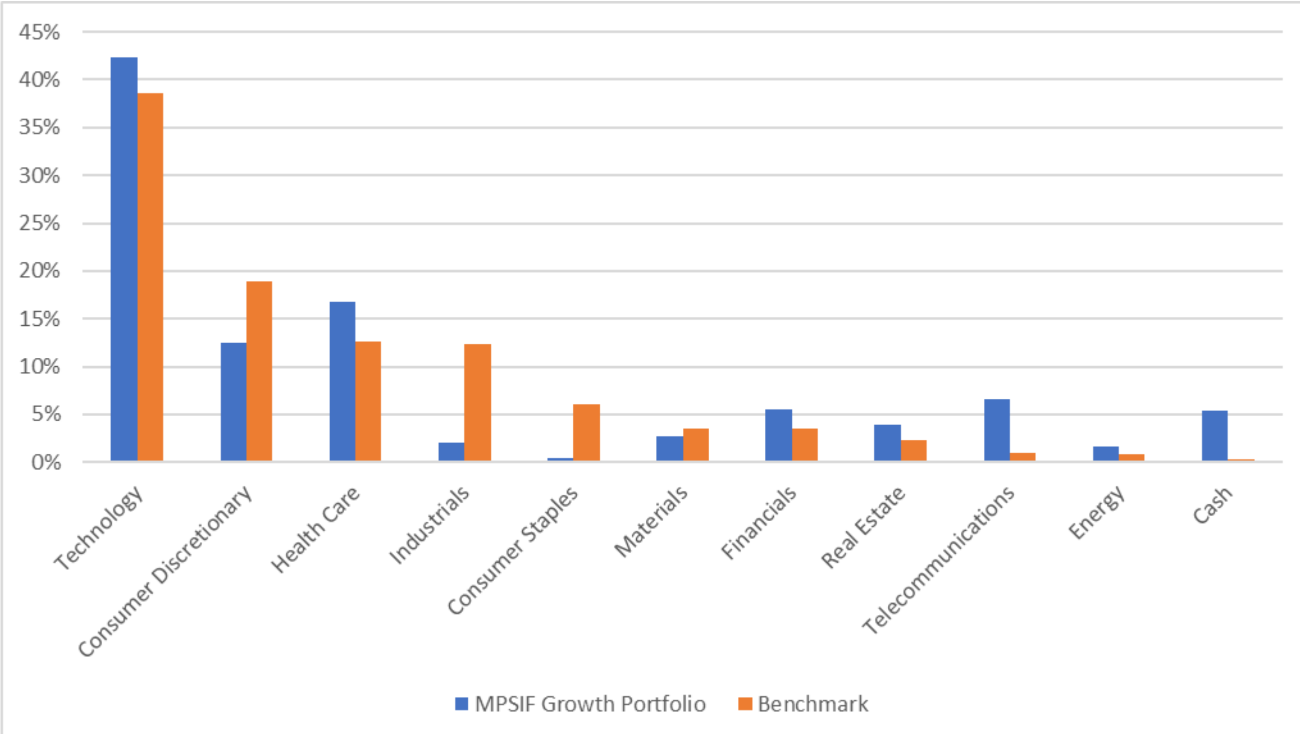
As of February 28, 2018, the sectors with the most significant weight in the Growth Fund are:

- Technology, which represents 42.3% of the Fund's portfolio, is overweight relative to the benchmark (38.3%). Apple Inc. (AAPL), Paypal (PYPL) and Facebook Inc. (FB) are our three largest technology holdings.
- Health Care, which represents 16.8% of the Fund's portfolio, is overweight relative to the benchmark (12.7%). Select Spector SPDR – Healthcare (XLV) and UnitedHealth Group Inc. (UNH) are our two major holdings in the health care sector.
- Consumer Discretionary, which represents 12.5% of the Fund's portfolio, is underweight relative to the benchmark (18.8%). iShares S&P Global Consumer Discretionary (SPDR RXI), The Home Depot (HD) and Chipotle Mexican Grill (CMG) represent our three largest holdings in the sector.

To keep our sector exposure roughly in-line with the Russell 1000 Growth Index, the Fund holds positions in iShares S&P Global Energy (IXC), iShares S&P Global Materials (MXI), IShares US Real Estate (IYR), Select Sector SPDR – Industrials (XLI), Vanguard Consumer Staples (VDC), Vanguard Information Technology (VGT) and Vanguard Telecommunication Services (VOX).

Our blended approach of identifying promising sectors with favorable macroeconomic tailwinds while employing a bottom-up process, enables us to select best of breed stocks in these areas.

Sector Allocation – Growth



Holdings Profile

Growth Portfolio as of Feb 28, 2018						
Company Name	Ticker	Sector	Shares Held	Closing Price	Position Value	% of Assets
Alphabet Inc	GOOG	Technology	12	1104.73	13,257	2.34%
American Tower	AMT	Real Estate	95	139.33	13,236	2.34%
Apple Inc	AAPL	Technology	258	178.12	45,955	8.12%
Broadcom Ltd	AVGO	Technology	37	246.46	9,119	1.61%
CBS Corp	CBS	Consumer Discretionary	238	52.97	12,607	2.23%
Celgene	CELG	Health Care	127	87.12	11,064	1.96%
Chipotle Mexican Grill	CMG	Consumer Discretionary	40	318.41	12,736	2.25%
Discover Financial	DFS	Financials	400	78.83	31,532	5.57%
Facebook Inc	FB	Technology	177	178.32	31,563	5.58%
Flex	FLEX	Technology	732	18.10	13,249	2.34%
Grubhub	GRUB	Technology	222	99.41	22,069	3.90%
Home Depot Inc	HD	Consumer Discretionary	66	182.27	12,030	2.13%
Microsoft Corp	MSFT	Technology	161	93.77	15,097	2.67%
Paypal	PYPL	Technology	572	79.41	45,423	8.03%
Salesforce.com Inc	CRM	Technology	126	116.25	14,648	2.59%
TJX Companies Inc	TJX	Consumer Discretionary	114	82.68	9,426	1.67%
Tower Semiconductors Ltd	TSEM	Technology	470	29.45	13,840	2.45%
Turkcell	TKC	Telecommunications	2751	9.90	27,235	4.81%
UnitedHealth Group Inc	UNH	Health Care	112	226.16	25,330	4.48%
Verisk Analytics	VRSK	Technology	150	102.19	15,329	2.71%
iShares Global Energy ETF	IXC	Energy	280	33.41	9,355	1.65%
iShares US Real Estate	IYR	Real Estate	125	73.33	9,166	1.62%
iShares Global Materials	MXI	Materials	225	69.72	15,688	2.77%
iShares Global Consumer Discretionary	RXI	Consumer Discretionary	208	113.68	23,645	4.18%
Select Sector SPDR Healthcare	XLV	Health Care	698	84.14	58,730	10.38%
Select Sector SPDR Industiral	XLI	Industrials	150	76.65	11,498	2.03%
Vanguard Consumer Staples	VDC	Consumer Staples	18	137.49	2,475	0.44%
Vanguard Telecommunication Services	VOX	Telecommunications	118	86.92	10,257	1.81%
Direct Equity Investments					394,743	69.77%
Total Equity Investments					535,556	94.66%
Cash as of Februrary 28, 2018					30,218	5.34%
Total Assets					**$ 565,774**	**100.00%**

Growth Portfolio as of Aug 31, 2017						
Company Name	Ticker	Sector	Shares Held	Closing Price	Position Value	% of Assets
Alphabet Inc	GOOG	Technology	12	939.33	$11,272	2.22%
Amazon	AMZN	Technology	14	980.60	$13,728	2.70%
Apple Corp	AAPL	Technology	258	164.00	$42,312	8.33%
Broadcom Ltd	AVGO	Technology	37	252.07	$9,327	1.84%
Discover Financial	DFS	Financials	400	58.95	$23,580	4.64%
Facebook Inc	FB	Technology	177	171.97	$30,439	6.00%
Grubhub Inc	GRUB	Technology	222	57.09	$12,674	2.50%
Home Depot Inc	HD	Consumer Discretionary	66	149.87	$9,891	1.95%
MasterCard Inc	MA	Financials	85	133.30	$11,331	2.23%
Microsoft Corp	MSFT	Technology	161	74.77	$12,038	2.37%
Nike Inc	NKE	Consumer Discretionary	185	52.81	$9,770	1.92%
Paypal	PYPL	Financials	572	61.68	$35,281	6.95%
Salesforce.com Inc	CRM	Technology	126	95.49	$12,032	2.37%
Starbucks Corp	SBUX	Consumer Discretionary	150	54.86	$8,229	1.62%
TJX Companies Inc	TJX	Consumer Discretionary	114	72.30	$8,242	1.62%
Tower Semiconductor Ltd	TSEM	Technology	470	29.56	$13,892	2.74%
Turckcell	TKC	Telecommunications	1025	9.46	$9,697	1.91%
United Health Group Inc	UNH	Health Care	112	198.9	$22,277	4.39%
Verisk Analytics Inc	VRSK	Technology	150	81.05	$12,158	2.39%
Walt Disney Co	DIS	Consumer Discretionary	240	101.20	$24,288	4.78%
iShares Global Energy	IXC	Energy	280	31.2	$8,736	1.72%
iShares US Real Estate	IYR	Real Estate	125	81.2	$10,150	2.00%
iShares Global Materials	MXI	Materials	225	64.5	$14,513	2.86%
iShares Global Consumer Discretionary	RXI	Consumer Discretionary	208	99.69	$20,736	4.08%
Select Sector SPDR Health Care	XLV	Health Care	698	81.29	$56,740	11.18%
Select Sector SPDR Industrials	XLI	Industrials	150	68.46	$10,269	2.02%
Vanguard Consumer Staples	VDC	Consumer Staples	18	140.16	$2,523	0.50%
Vanguard Telecommunciation Services	VOX	Telecommunications	118	93.55	$11,039	2.17%
Direct Equity Holdings					$332,457	65.49%
Total Equity Holdings					$467,162	92.02%
Cash as of August 31, 2017					$40,485	7.98%
Total Assets					**$507,647**	**100.00%**

Investment Style and Strategy

Our goals: The goal of the Growth Fund is to identify and capitalize on investments that have significant growth potential. The companies we invest in may derive their growth from a unique business model or a strong, competitive position in a rapidly growing industry. We require that forecasted earnings growth for companies be at least 10% over the next five years. These growth opportunities can be uncovered by identifying companies that are pioneering a new product or service that will see significant future demand. Other growth companies may be disrupting pre-established norms in a mature industry and subsequently gaining significant market share. Additionally, these companies may be applying their business models to new regions or simply be an incumbent in an industry that is experiencing high levels of growth. Our analysts utilize intrinsic and comparable valuation techniques to determine if these growth companies are available at attractive prices.

Our objective: The core objective of the Fund is to outperform the benchmark on a total return basis by investing in securities that provide superior returns on a risk/return basis through capital appreciation and dividends.

Investment process: Our analysts look at a firm and ask, "What is the catalyst for growth?" The analyst will then consider whether the company's business model will succeed in a competitive environment. A valuation analysis follows, which includes an extensive examination of the company's financials and overarching industry trends and assumptions. In addition, the analyst will conduct relative valuations by comparing the company to its peers. The analyst then writes a research report and pitches the stock to the class, who then engages in a discussion to challenge the investment theses presented. After this rigorous process, the class votes on whether or not to add the security to the portfolio.

Sell Discipline: In 2006, the Fund added stop-loss orders to provide more sell discipline. The stop-loss price is determined by the analyst and is related to the stock's volatility and downside risk. The Fund's consensus model also helps determine stop-loss orders. Additionally, the stop-loss policy is regularly evaluated to ensure that these risk controls stay relevant. This includes actively reducing our exposure to a specific stock when our investment thesis no longer sees room for upside. Some of the factors that would change our investment thesis are:

- The company growth rate deteriorates or its performance otherwise disappoints
- The price of the security reaches or exceeds our price target, or otherwise appears relatively high to the analyst
- The company publishes negative earnings announcements that could affect the long-term outlook and overall industry attractiveness
- The company experiences unfavorable changes in management

Why Growth Stocks? Growth companies have above average earnings growth, which we believe will translate into above average price appreciation. Thus, we believe investing in growth companies that are not currently overpriced should lead to realization of potentially superior investment returns over the long term.

The Value Fund

Message from the Portfolio Managers

For the six (6) month period from August 2017 to February 2018, the Value Fund returned +5.09% vs. +7.26% for the Russell 1000 Value Index. The fund underperformed on a relative basis by -2.17%. The recent underperformance is primarily attributable to a shift out of individual names in sectors that outperformed during the period, including energy and financials. We believe our thesis behind this strategy is long-sighted and will serve the fund well this period. Specifically, we exited EOG Resources, and SunTrust, which generated negative realized returns of -12.2%, and -9.1%. Steady economic growth, tightening monetary policy, and business-friendly fiscal policy changes should provide a supportive backdrop for value investors going forward.

The end of the period marked the second longest bull run, lasting 107 months, with 62 all-time highs for the S&P 500 in 2017 alone. Growth across the global economy paired with modest inflation supported outsized returns across equity markets. In the second half of the year, anticipated expansionary fiscal policy through tax reform in the U.S. led to a rise of the 'reflation trade,' boosting cyclical stocks, including those in the industrials, energy, and financials sectors. Since the end of the period, markets have experienced increased volatility as uncertainties surrounding global trade policy loom. As the cycle continues to mature, we will remain cautious and disciplined in our capital allocation. Following the end of the period, the Fund received $250,000 from the liquidation of the Small Cap Fund. We have decided to deploy this new capital towards new investment ideas and our upcoming capital distribution.

Sector Allocation

The Value Fund's sector allocation is a function of its benchmark as well as the fund's stock selection, which is based on a bottom-up analysis of intrinsic value and downside risk mitigation. For the non-indexed portion of the portfolio, we are comfortable deviating from the benchmark weighting if the stock idea is compelling enough to justify allocating a greater weight to that industry sector. At the end of the period, the Value Fund was *overweight* Financials, Industrials, Materials, Information Technology, and Telecommunications sectors, and *underweight* the Energy, Health Care, Consumer Staples, Consumer Discretionary, Real Estate, and Utilities sectors. However, as value investors, our belief is to manage risk on a single stock basis, by purchasing securities at a significant discount to intrinsic value, thereby achieving a margin of safety.

Stock Selection

As value investors, we continue to search for names that trade at a significant discount to intrinsic value. In particular, we seek companies with high-quality businesses and assets with sustainable competitive advantages and management teams with successful track records of capital allocation & aligned interests.

During the period, the team decided to rotate out of individual names in specialized sectors including, energy, healthcare, and financial services, and into related ETFs. As part of this strategy, the Fund exited EOG Resources (EOG), JetBlue (JBLU), SunTrust (STI) and Phillip Morris (PM), while adding Nelnet (NNI), Liberty Latin America (LILAC), Huntington Ingalls (HII), and SnapOn (SNA).

When the Value Fund reconvened in February, the team reviewed each security in the portfolio, reassessed the original investment thesis, quantified potential upside or downside, and set new target profit and loss limit prices for each holding. Following the end of the period, the fund exited Citigroup (C) and Leucadia National (LUK), while increasing its position in Liberty Latin America (LILAC).

Going forward, we will continue to follow a disciplined approach to fundamental, bottom up value investing. We remain focused on our objective of finding good businesses trading significantly below our estimates of intrinsic business value.

Fund Operation and Process

We kicked off this semester with a presentation on topics such as how to research stocks, how to pitch investment ideas, and what qualities distinguishes a good thesis from a bad thesis. Additionally, we maintained our "pre-screening" process for new ideas, where members send us their investment ideas, and we provide feedback on whether the idea is compelling or if we need more information on the business. We also continued to implement semi-confidential voting, requiring members to submit votes via email to the secretary and portfolio managers.

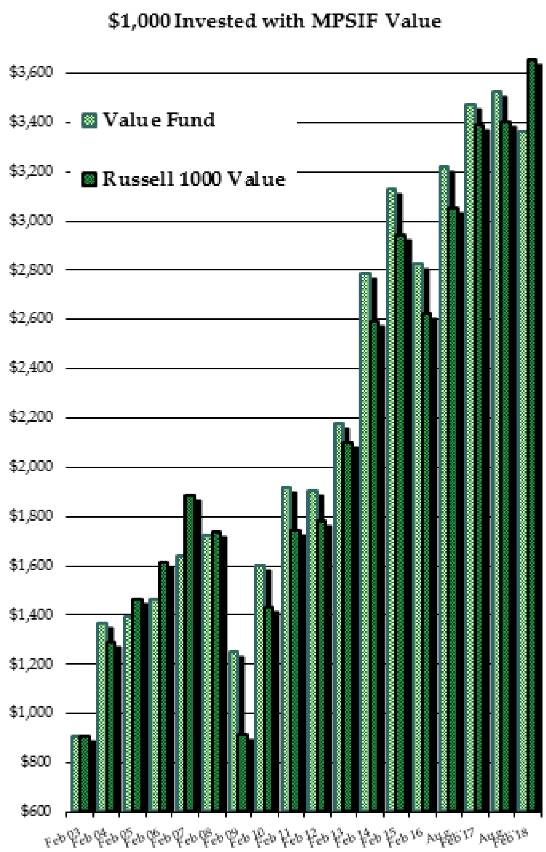
Alexander Graff, Portfolio Manager, MPSIF Value Fund
Frances Smith, Deputy Portfolio Manager, MPSIF Value Fund

Discussion of Performance

For the period ending February 28, 2018:

Performance Overview

The Value Fund grew by +5.09% for the 6 months ending August 31, 2017 while its benchmark, The Russell 1000 Value Index, increased by +9.00% over the same period.



Stock Selection

The best performing stock for the period from August 31, 2017 to February 28, 2018 was

Berkshire Hathaway, which was up +14.14%. Performance was driven by Berkshire's hallmark steady returns driven by their diversified portfolio, as well as a flurry of buying and partnership activity that Warren Buffett described in his annual letter. Q4 Revenues, which were released on February 26, were below analyst estimates which led to a dip in the stock's price at the end of the review period.

The second best performing stock for the review period was Huntington Ingalls, which was up +11.7% for the period. Financial results for Q4 2017 revealed that the firm had increased revenues while keeping operating expenses stable, which contributed to higher free cash flows in the company. Additionally, macro-economic forces, such as the generally positive consensus surrounding Trump's infrastructure spend while in office served as a tailwind for the company. They also have relatively little debt compared to total enterprise value, which makes their business less sensitive to rising interest rates compared to their peers.

The third best performer for the six months ending February 28, 2018 was New York REIT, Inc., which had positive performance of +9.1%. This position was wound down in October of 2017, as the share holders had approved a plan to liquidate the company in January of 2017. The plan entails liquiditating all assets, paying down liabilities, and then distributing the remaining proceeds to stock holders. As of this writing, the shareholders had been paid a $2.00 dividend distribution at the end of January.

The three worst performers of the fund during the period from August 31, 2017 to February 28, 2018 were Hanesbrand Inc, EOG Resources, and SunTrust Banks. These companies' performance during the period was -20%, -12.2%, and -9.1%, respectively.

SunTrust Banks, which the fund no longer owns as of October 2017, was down over the period in part due to news that the bank had violated their fiduciary responsibility by steering their clients toward higher fee products in over $4,500 accounts. The bank had to repay those clients affected, as well as return interest that may have been paid by those clients. Earnings per share had declined from 10.8% to 0.6% over the previous calendar year ending December 2016, and increased by 5% for the year ending December 2017. Despite this news, the performance of the stock lagged consensus.

EOG Resources was sold in October 2017. At the time, the US Oil Industry had cut its consensus on shale production for the end of Q4 2017. This led to a depression in oil prices which have since recovered.

Hanesbrand Inc., the worst performing stock in the portfolio, is plagued by the shift in consumer preferences to online shopping, as well as increased competition in the athleisure apparel market. Q4 2017 earnings showed improvement over the last calendar year, as revenue increased and operating expenses decreased. Online sales were responsible for 11% of sales in the 4th quarter, as Hanes continues to expand its business geographically, including the acquisition of an Australian intimate apparel brand to diversify their portfolio. We retain our conviction in this company due to its solid financials, as well as their brand portfolio.

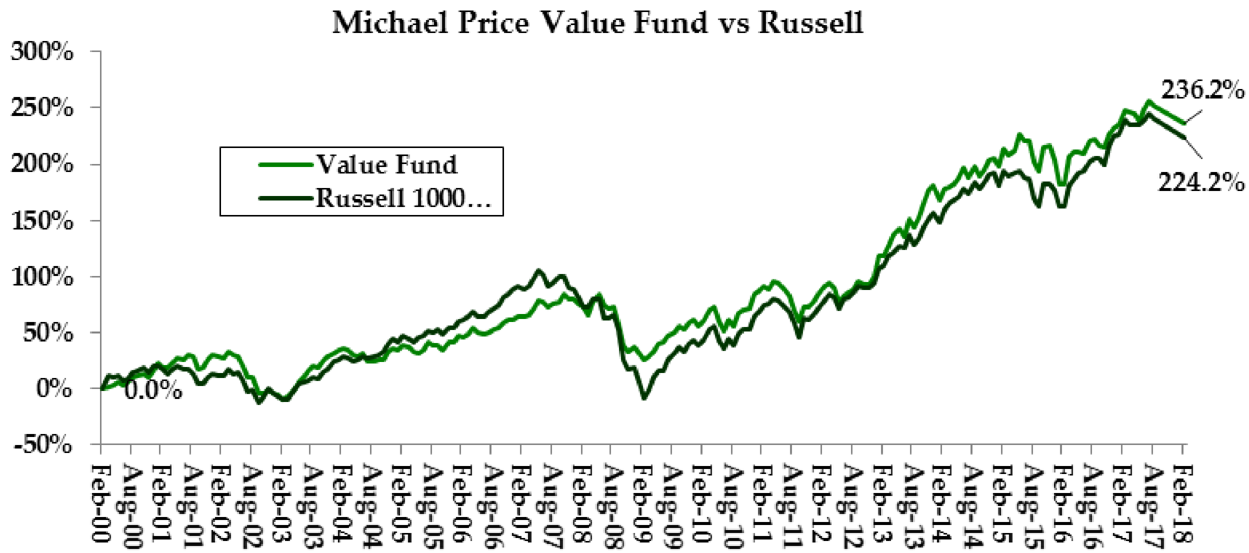
Top Performers	**Return**
Berkshire Hathaway	+14.14%
Huntington Ingalls	+11.74%
New York REIT Inc.	+9.13%

Bottom Performers	**Return**
Hanesbrands Inc	-20.01%
EOG Resources	-12.22%
Suntrust Banks	-9.10%

Return: *measures the stock's return (excluding dividends) since the later of August 31, 2017 or the date of acquisition to the earlier of February 28, 2018 or the date of disposition.*

Note: *in addition, this report uses prices as of the market close and not intraday numbers.*

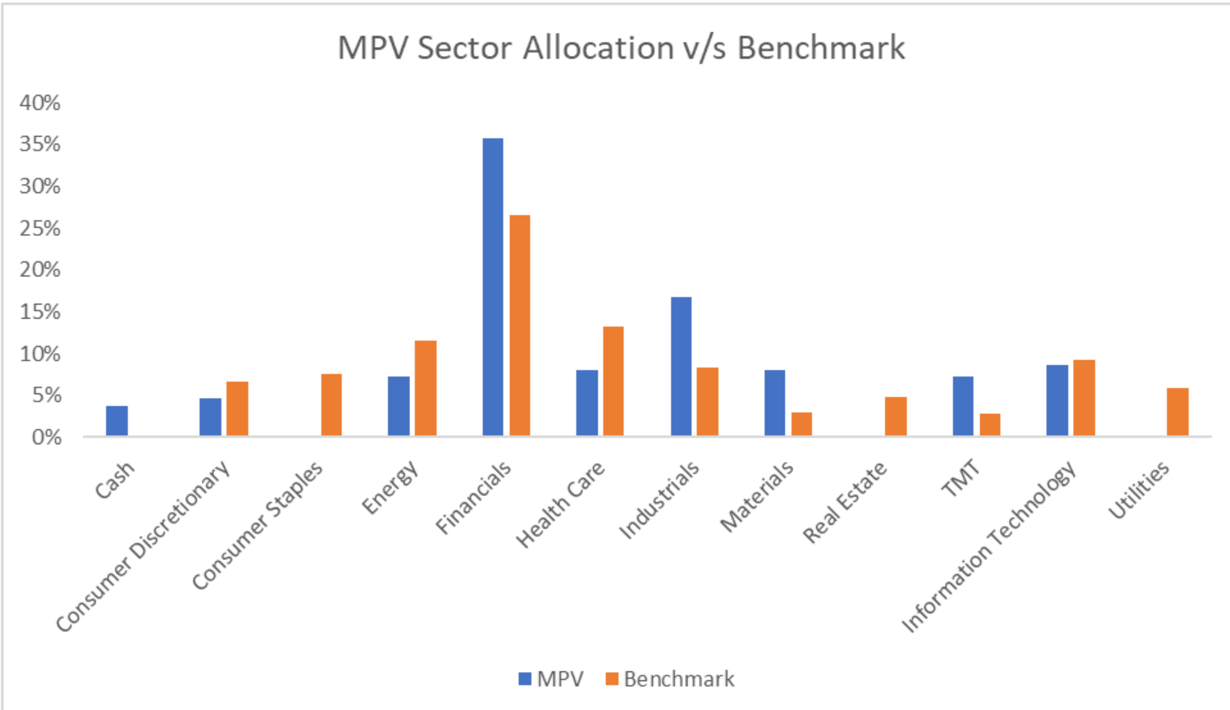
Michael Price Value Fund vs. Russell 1000 Value Index



Asset Allocation

The Value Fund has uses a bottom up strategy to select stocks. However, the recent negative performance has increased the need to cross check this strategy with the broader fund's macro economic and sector based outlooks. While the fund also compares its exposures to the benchmark, it has also become more critical and discerning of what the index contains and defines as "value". For example, the Value Fund is underweight in the utilities sector relative to the index. However, the benchmark sector concentration is used as a guide to manage and guide diversification. The chart below shows the exposures of the MPSIF Value Fund to different sectors (in red), the benchmark's exposure to the same sectors (in blue) and the deviation is shown in turquoise.

Sector Allocation – Value



Holdings Profile

Value Portfolio as of February 28, 2018						
Company Name	Ticker	Sector	Shares Held	Closing Price	Position Value	% of Assets
Textainer Group	TGH	Industrials	350	16.3	$ 5,705	1.01%
Liberty Latin America	LILA	TMT	1334	20.7	$ 27,614	4.87%
Berkshire Hathaway	BRK B	Financials	196	207.2	$ 40,611	7.16%
Citigroup Inc	C	Financials	552	75.49	$ 41,670	7.35%
Dow DuPont	DWDP	Materials	431	70.3	$ 30,299	5.34%
EOG Resources	EOG	Energy	0	84.99	$ -	0.00%
Gilead Sciences	GILD	Health Care	390	78.73	$ 30,705	5.41%
Hanesbrands Inc	HBI	Consumer Discretionary	910	19.4	$ 17,654	3.11%
Jetblue Airways Corp	JBLU	Industrials	0	19.81	$ -	0.00%
Huntington Ingalls	HII	Industrials	121	262.01	$ 31,703	5.59%
Leucadia National Corp	LUK	Financials	1047	23.99	$ 25,118	4.43%
Philip Morris International Inc.	PM	Consumer Staples	0	116.93	$ -	0.00%
Nelnet Inc	NNI	Financials	521	55.34	$ 28,832	5.08%
Snap On Inc	SNA	Industrials	165	159.22	$ 26,271	4.63%
SunTrust BKS Inc.	STI	Financials	0	55.1	$ -	0.00%
New York REIT Inc.	NYRT	Real Estate	0	8.24	$ -	0.00%
Vanguard Information Technology	VGT	ETF	185	177.34	$ 32,808	5.78%
Vanguard Energy ETF	VDE	ETF	304	91.11	$ 27,697	4.88%
Vanguard Russell 1000 Value Index	VONV	ETF	1735	107.21	$ 186,009	32.80%
Direct Equity Holdings					$ 306,183	53.99%
Total Equity Holdings					$ 552,697	97.45%
Cash as of Feb 28th 2018					$ 14,449	2.55%
Total Assets					**$ 567,146**	**100.00%**

Value Portfolio as of Aug 31, 2017						
Company Name	**Ticker**	**Sector**	**Shares Held**	**Closing Price**	**Position Value**	**% of Assets**
Textainer Group	TGH	Industrials	350	17.75	$6,213	1.15%
Berkshire Hathaway Inc	BRK B	Financials	196	181.16	$35,507	6.58%
Citigroup Inc	C	Financials	552	68.03	$37,553	6.96%
Dow Chem Co	Dow	Materials	431	66.65	$28,726	5.32%
EOG Resources Inc	EOG	Energy	277	84.99	$23,542	4.36%
Gilead Sciences	GILD	Health Care	390	83.71	$32,647	6.05%
Hanesbrands Inc	HBI	Consumer Discretionary	910	24.26	$22,077	4.09%
Jetblue Airways Corp	JBLU	Industrials	1115	19.81	$22,088	4.09%
Leucadia Natl Corp	LUK	Financials	1047	23.68	$24,793	4.59%
Philip Morris Intl Inc	PM	Consumer Staples	325	116.93	$38,002	7.04%
SunTrust BKS Inc	STI	Financials	475	55.1	$26,173	4.85%
New York REIT Inc	NYRT	Real estate	2898	8.24	$23,880	4.42%
Vanguard Information Technology	VGT	ETF	185	151.22	$27,976	5.18%
Vanguard Russell 1000 Value Index	VONV	ETF	1606	101.33	$162,736	30.15%
Direct Equity Holdings					$321,200	59.52%
Total Equity Holdings					$511,911	94.86%
Cash as of August 31, 2017					$27,765	5.14%
Total Assets					**$539,676**	**100.00%**

Investment Style and Strategy

Fund Objective: Outperform the benchmark on a total return basis. Achieve superior returns by investing in securities which provide the best risk adjusted returns through capital appreciation and dividends.

Benchmark: Russell 1000 Value Index

Fund Strategy: The Value Fund utilizes a bottom-up approach to stock selection. Our analysts go through a rigorous screening process to select deep value positions. The team pursues this strategy by investing primarily in large capitalization companies with consistent year-over-year earnings that are trading at a discount relative to their peer group. We estimate the value of our securities primarily through an intrinsic value methodology. Additionally, we examine each security's valuation relative to its peer group. For the purposes of this analysis, we utilize many of the following metrics: price-to-earnings, price-to-book, dividend yield, and various free-cash-flow ratios. There is, however, no specific country or region quota. Analysts discuss the Fund's overall sector allocation compared to our benchmark to monitor our exposure, though we do not intentionally make sector bets. The Fund seeks absolute returns in order to fulfill our distribution requirements and monitors our performance against the Russell 1000 Value index.

Why Value Stocks? A value stock is one that is underpriced by the market for a wide variety of reasons. They are undervalued relative to their comparables on various metrics used to value comparable companies. Stocks that are undervalued on metrics compared to the index may not be Value stocks because sectors trade differently. Historical trading multiples are often a good indicator of whether a sector has a favorable perception.

Cash: The goal of the Fund is to be invested in the best value opportunities in the marketplace. To the extent we have non-invested cash, we will invest in our benchmark ETF in an effort to minimize any cash drag. We currently invest all excess cash in the benchmark.

The Small Cap Fund

Message from the Portfolio Managers

The Small Cap fund was fully liquidated as March 30, 2018. And the cash proceeds were reallocated to the other three funds in April 2018. The discussion below mainly focused on the fund activities since last update, during September 1, 2017 – February 28, 2018.

The Small Cap fund returned 10.06% for the six (6) months ending on February 28, 2018 which compares to the Russell 2000's 8.29% return. The fund outperformed its benchmark by 176 basis points during this six-month period. The fund returned 8.38% for the twelve months ending on February 28, 2018 which compares to the Russell 2000's 10.51% return. The fund underperformed its benchmark by 213 basis points during this one-year period.

After February 2017, we invested almost all cash into ETFs and individual stocks. The performance disparity during this period is mainly due to idiosyncratic factors associated with individual stocks. We held onto a few losing stocks, and their values declined further within the one-year period.

As we observed and analyzed this situation, during Fall 2017, we actively addressed the issue by selling several losing positions that we believed had little upside potential. We also purchased other promising ones at low prices to bring down unit costs. As a result, we have been able to turn around part of our losing positions and even have positive overall returns. A few strong performers contributed to the outperformance of the small fund during the 6-month period.

The fund continues to utilize the Sector ETF strategy: we hold an ETF if we find there are insufficient stock opportunities within that sector. While the Sector ETF strategy helps to reduce the Fund's relative performance gap, we would prefer to diversify our holdings through greater stock selection. Our sector allocation continues to be broadly in line with the index.

During Fall 2017, Diven Sharma and Levin Liu were co-PMs of the Small Cap fund. They both were actively involved in this fund from prior semester. The Small Cap fund also added several new members including Tina Kou, Parker Rankin, Samantha Wei, CJ Murphy and Frances Smith. Many of these students are pursuing equity research or buy-side positions outside MPSIF. Each student at the start of the semester was assigned two existing positions to review. We provided a thorough "update" to the class, and the class voted on whether to sell, hold or buy more. We have stuck to methodologies that have worked in the past and moved away from those that did not.

In the Fall 2017 semester, we utilized Google Forms to collect votes. We required our student members to provide rationales along with their votes to buy, sell or take no action, both on updates and full pitches. This encouraged students to listen closely to the pitches and think hard about the validity of the investment case. The approach both improved the quality of our voting and provided valuable feedback to members.

The goal as PMs has been twofold – increase the value of the MPSIF class to students by providing feedback and increase the quality of our portfolio by reviewing existing stocks and requiring justification for every vote. Providing feedback helped improve the quality of stock selection in the portfolio, increased the standards of our stock pitches, and hopefully made all our members better investors.

As we planned to exit the Small Cap fund at the beginning of Spring 2018 semester, no new students were assigned to this fund. Second terms were reassigned to other three funds. Only second termers Tina Kou, Samantha Wei and Parker Rankin were responsible for the final liquidation and administrative processes of this fund. Thus, no full stock updates or new stocks were pitched. When the fund was finally exited at the end of March 2018, the total realized gain was 21.73%.

Tina Kou and Samantha Wei
Former Analysts, MPSIF Small Cap Fund

Discussion of Performance

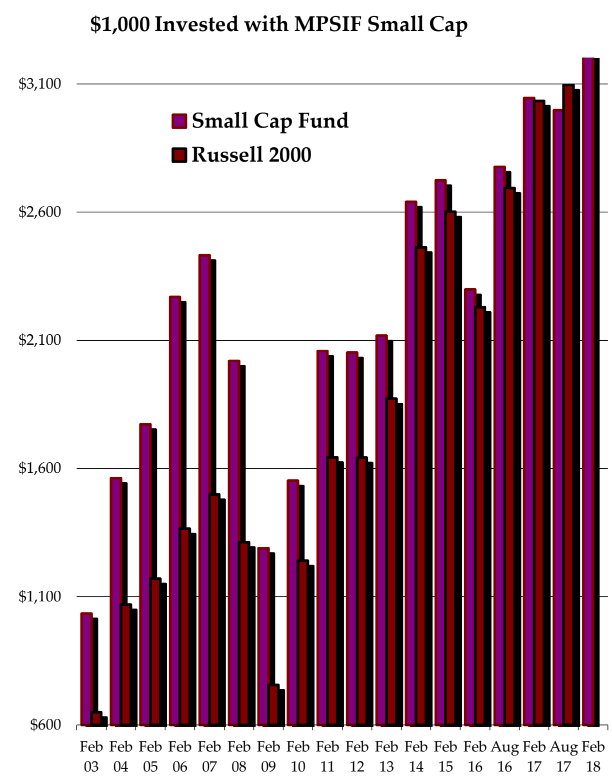
For the period ending February 28, 2018:

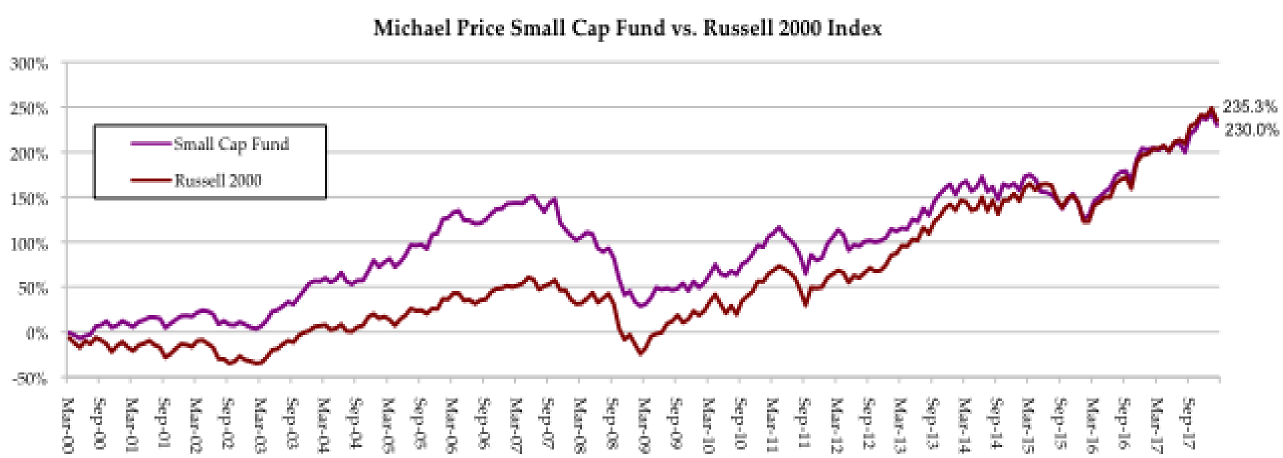
	6 Month	1 Year	3 Year		5 Year		Inception*	
			Cum.	Annualized	Cum.	Annualized	Cum.	Annualized
Small Cap Fund	10.06%	8.38%	21.15%	6.60%	55.78%	9.27%	229.97%	6.86%
Russell 2000 Index	8.29%	10.51%	28.86%	8.82%	79.07%	12.36%	235.28%	6.95%
Relative - Net of Fees	1.76%	-2.13%	-7.71%	-2.21%	-23.29%	-3.09%	-5.31%	-0.09%

**Inception from March 1, 2000*

Performance Overview

During the six months from August 31, 2017 to February 28, 2018, the Fund outperformed its benchmark, the Russell 2000 Index by 1.76% net of management fees. The Fund underperformed its benchmark by 2.13% for the 12 months ending February 28, 2018. This underperformance in the twelve months from February 28, 2017 to February 28, 2018 was driven by idiosyncratic risk of individual holdings. During this period, we held losing stocks from prior term and voted to wait for more attractive sell prices. We addressed this issue this semester by immediately selling the unpromising stocks and purchasing more of promising ones. As a result, the fund performance has been turned around and generated substantial outperformance this term.





Stock Picking

Six months ended Feb 28, 2018	
Top Performers	**Return**
Axon Enterprise, Inc. (AAXN)	60.43%
Trupanion, Inc. (TRUP)	35.42%
TravelCenters of America LLC (TA)	11.19%
Bottom Performers	**Return**
Global Eagle Entertainment, Inc. (ENT)	-56.31%
Cirrus Logic, Inc. (CRUS)	-23.58%
Dean Foods Co. (DF)	-20.36%

Return: *measures the stock's return (excluding dividends) since the later of August 31, 2017 or the date of acquisition to the earlier of February 28, 2018 or the date of disposition.*

Note: *in addition, this report uses prices as of the market close and not intraday numbers.*

The top contributing stock for the Fund in the six months ended February 28, 2018 was Axon Enterprises, Inc. (AAXN), up 60.43%. Axon engages in the development, manufacture, and sale of conducted electrical weapons for use in law enforcement, federal, military, correction, private security, and personal defense markets worldwide. The primary segment is the manufacturing and sale of nonlethal conducted electrical weapons to police departments while the secondary segment involves offering body worn cameras and evidence repository system in their new software and sensors segment. Given the company's near monopoly in the legacy Axon business creates stable, long-term cash flows with more growth opportunities from international expansion and shortened upgrade cycle.

The Fund's second-best performer was Trupanion, Inc. (TRUP), up 35.42%. Trupanion was founded in 2000 in Seattle, Washington and provides medical insurance for cats and dogs on monthly subscription basis in the U.S., Canada, and Puerto Rico. Trupanion offers a simple, fair and comprehensive medical plan that pays 90% of actual veterinary costs for unexpected accidents and illnesses without payout limitations. The company also offers dynamic pricing to reflect each pet's unique risk profile. Due to large addressable market and its territory partner model, Trupanion has had success penetrating the growing pet insurance market in Europe and the U.S.

TravelCenters of America LLC (TA), contributing 11.19%, operates and franchises travel center, standalone convenience stores, restaurant locations, and truck repair and maintenance facilities in the U.S. and Canada. The company serves trucking fleets and drivers, independent truck drivers, highway and local motorists, and casual diners. The company was founded in 1992 and is based in Westlake, Ohio. Due to the company's competitive advantages and prominence in its industry, the company experienced improving operating margins, which were supported in a rising oil price environment.

The worst performing stock for the Fund in the six months ended February 28, 2018 was Global Eagle Entertainment, Inc. (ENT), down -56.31%. Global Eagle Entertainment provides content, connectivity, and digital media solutions for the travel industry worldwide. The company's two business segment includes connectivity, which involves providing airline partners with Wi-Fi connectivity over Ku-band satellite transmissions, and content, distributing, which involves distributing media content, video and music programming applications and digital solutions. Global Eagle Entertainment's failure to comply with SEC reporting and difficulties in integrating recent mergers has placed significant pressure on its stock.

The Fund's second-worst performer was Cirrus Logic, Inc. (CRUS), down -23.58%. Cirrus Logic is a fables semiconductor company that develops, manufactures, and markets analog and mixed-signal integrated circuits for a range of consumer and industrial markets. The company offers its products for mobile devices, including smartphones, tablets, digital headsets, wearables, smart accessories, and portable media players. Its products are also used in laptops, home theater systems, portable speakers, etc. Investor skepticism around Cirrus Logic's dependence on its major customer, Apple, led to a weak six-month performance.

Dean Foods Co. (DF), down -20.36%, was founded in 1925 in Dallas, Texas and is a food and beverage company that processes and distributes milk and other dairy product in the U.S. The company sells its products under 50 national, regional, and local proprietary or licensed brands. Despite the company's strong brand portfolio, the dairy industry suffers from unfavorable dynamics, particularly uncertain future consumption of dairy due to increase in attractive alternatives and declining popularity of cereal. Milk has become a loss leader across the industry as retail customers are adding their own production through private label businesses. Increasing input prices of butter and raw milk, as well the proliferation of substitutes to dairy products, continue to put pressure on margins.

Asset Allocation

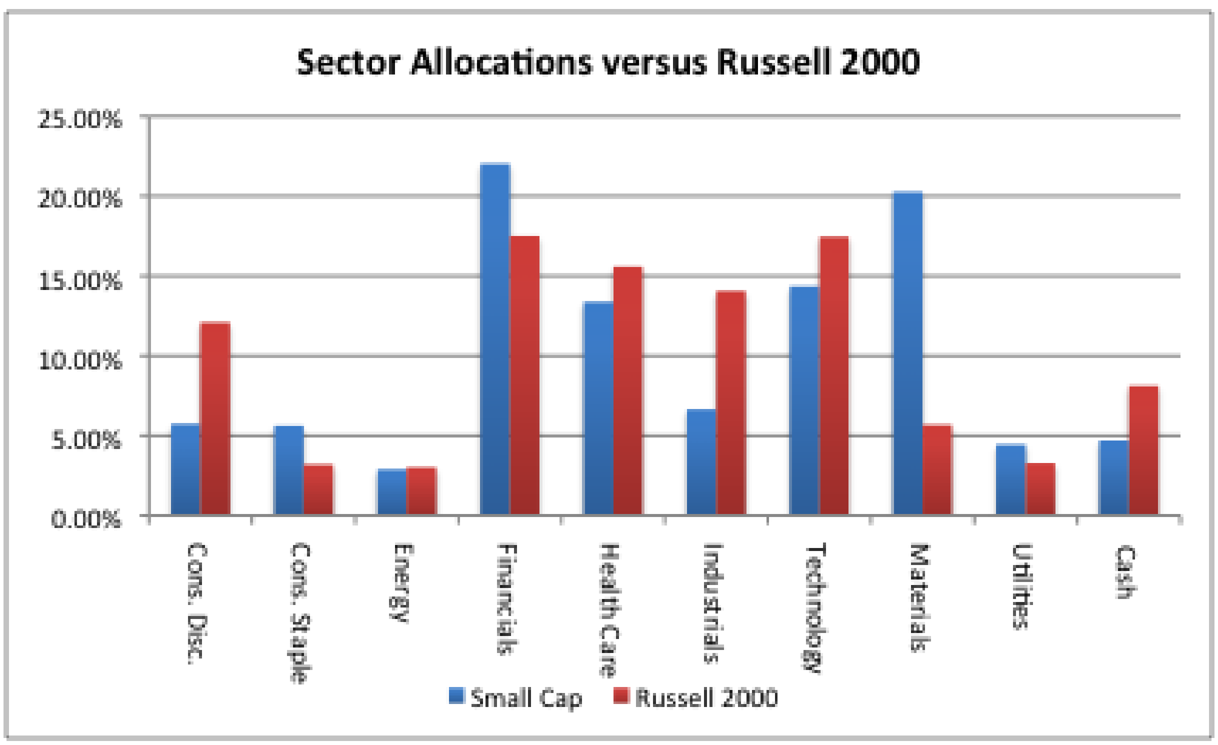
Historically the Fund has primarily focused on bottom-up stock picking and fundamental analysis, with asset allocation being a secondary consideration. The Fund's commitment to bottom-up stock selection is mainly pedagogical in nature, given that the Fund is a seminar style MBA course in which students implement skills learned across the curriculum.

However, it should be clearly understood that the central principle of modern portfolio theory, asset allocation, is not ignored by the Fund. The Fund places more emphasis on asset allocation by using Small Cap Sector ETFs (starting in April 2013) as a part of the portfolio management strategy. Since Small Cap stocks tend to be riskier and more volatile than average stocks in the S&P 500, this strategy helps to diversify the Fund and reduce overall volatility in the portfolio.

Specifically, the Fund sets target exposures for each sector and as individual stocks are purchased (or sold), capital is sourced from (or directed to) the corresponding Sector ETF. This acts as a simple and cost-effective mechanism for maintaining a balanced portfolio over time.

As of February 28, 2018, the sectors with the most significant weights in the Fund were as follows:

- **Financials** represented a 22.02% allocation, the largest sector in the Fund. With the Russell 2000 at a 17.51% weighting, the Fund was almost 5% above the benchmark weight.
- **Materials** captured a 20.26% share in the Fund, higher than the benchmark's weight of 5.67%.
- **Technology** accounted for a 14.35% allocation in the Fund, modestly lower than the benchmark allocation of 17.46%.



Holdings Profile

Small Cap Portfolio as of Aug 31, 2017

Company Name	Ticker	Sector	Shares Held	Closing Price	Position Value	% of Assets
Axon Enterprises	AAXN	Industrials	488	21.71	10,594.48	1.9%
Buffalo Wild Wings	BWLD	Consumer Discretionary	64	102.75	6,576.00	1.2%
CIRRUS LOGIC INC	CRUS	Technology	195	57.98	11,306.10	2.0%
Core Mark Holding	CORE	Consumer Discretionary	226	27.06	6,115.56	1.1%
Dean Foods	DF	Consumer Staples	580	11	6,380.00	1.1%
Decker Outdoors	DECK	Consumer Discretionary	137	63.9	8,754.30	1.6%
ELF Beauty	ELF	Consumer Discretionary	435	20.69	9,000.15	1.6%
ENVIVA PARTNERS LP COM UNIT REPSTG LTD	EVA	Energy	480	29.15	13,992.00	2.5%
EURONET WORLDWIDE INC	EEFT	Financials	150	98.27	14,740.50	2.7%
Global Eagle Entertainment	ENT	Consumer Discretionary	970	3.09	2,997.30	0.5%
Greenbrier Cos	GBX	Industrials	360	42.90	15,444.00	2.8%
IMAX CORP COM	IMAX	Consumer Discretionary	343	18.65	6,396.95	1.2%
TRAVELCENTERS AMER LLC COM	TA	Energy	1,730	3.35	5,795.50	1.0%
Trupanion Inc	TRUP	Financials	775	21.88	16,957.00	3.1%
Vector Group	VGR	Consumer Staples	976	21.60	21,081.60	3.8%
VISTA OUTDOOR INC COM	VSTO	Consumer Discretionary	285	20.50	5,842.50	1.1%
iShares Russell 2000 ETF	IWM		163	139.73	22,775.99	4.1%
PowerShares S&P SmallCap Energy	PSCE	Energy	380	12.09	4,594.20	0.8%
PowerShares S&P SmallCap Materials	PSCM	Materials	290	45.50	13,195.17	2.4%
PowerShares S&P SmallCap Utilities	PSCU	Utility	546	54.57	29,795.22	5.4%
PowerShares S&P SmallCap Industrials	PSCI	Industrials	1,059	55.15	58,403.85	10.5%
PowerShares S&P SmallCap Information Technology	PSCT	Technology	963	74.32	71,570.16	12.9%
PowerShares S&P SmallCap HealthCare	PSCH	Healthcare	1,024	88.12	90,234.88	16.2%
PowerShares S&P SmallCap Financials	PSCF	Financials	2,000	50.34	100,683.20	18.1%
Direct Equity Holdings					161,973.94	29.1%
Exchange Traded Products					391,252.67	70.4%
Cash as of August 31, 2017					2,602.75	0.5%
Total Assets					**555,829.36**	**100.0%**

Small Cap Portfolio as of Feb 28, 2018

Company Name	Ticker	Sector	Shares Held	Closing Price	Position Value	% of Assets
Axon Enterprises	AAXN	Industrials	718	34.83	25,007.94	4.1%
CIRRUS LOGIC INC	CRUS	Technology	270	44.31	11,963.70	2.0%
Dean Foods	DF	Consumer Staples	1530	8.67	13,265.10	2.2%
ELF Beauty	ELF	Consumer Discretionary	985	18.44	18,163.40	3.0%
Global Eagle Entertainment	ENT	Consumer Discretionary	970	1.35	1,309.50	0.2%
Green Plains Inc.	GPRE	Materials	900	18.30	16,470.00	2.7%
Liberty Braves Group	BATRA	Consumer Discretionary	650	22.92	14,898.00	2.4%
Nuvasive Inc.	NUVA	Healthcare	275	48.36	13,299.00	2.2%
Silicon Motion Technology Corp.	SIMO	Technology	600	46.87	28,122.00	4.6%
TRAVELCENTERS AMER LLC COM	TA	Energy	3,230	3.73	12,031.75	2.0%
Trupanion Inc	TRUP	Financials	775	29.63	22,963.25	3.8%
Vector Group	VGR	Consumer Staples	1,024	20.04	20,520.96	3.4%
iShares Russell 2000 ETF	IWM		70	150.35	10,524.50	1.7%
PowerShares S&P SmallCap Energy	PSCE	Energy	380	13.95	5,301.00	0.9%
PowerShares S&P SmallCap Financials	PSCF	Financials	1,024	106.88	109,445.12	17.9%
PowerShares S&P SmallCap Utilities	PSCU	Utility	546	48.87	26,685.53	4.4%
PowerShares S&P SmallCap Materials	PSCM	Materials	2,000	52.67	105,340.00	17.2%
PowerShares S&P SmallCap Information Technology	PSCT	Technology	600	76.98	46,188.00	7.6%
PowerShares S&P SmallCap Industrials	PSCI	Industrials	290	51.36	14,894.40	2.4%
PowerShares S&P SmallCap HealthCare	PSCH	Healthcare	1,059	63.30	67,034.70	11.0%
Direct Equity Holdings					198,014.60	32.4%
Exchange Traded Products					385,413.25	63.0%
Cash as of February 28, 2018					28,294.18	4.6%
Total Assets					**611,722.03**	**100.0%**

The beginning of 2018 has been an exciting time in the markets, and the Michael Price Student Investment Fund has sought out gains across our sub-funds against a backdrop of volatility. I am proud to have overseen the Fund during the past several months and am excited to share with you its performance in more detail.

As active managers, our portfolio holdings reflect the diverse viewpoints and investing acumen of each student in the course, and our performance has tracked that of our benchmarks. We have also worked to diversify our holdings across industries and explored positions that increase our exposure to international markets. This semester we closed our Small-Cap Fund, allowing us to focus our energies more fully on Growth, Value, and Fixed Income. Inception to date, Small-Cap returned gains of 229.97%, or 6.86% on an annual basis, trailing the benchmark by 5.31% during that time period. Overall, MPSIF returned 6.89% over the past six months and 9.76% over the past year.

More broadly, we are active investors amid a shift toward index investing, ETFs, and passive funds. Actively-managed funds as a whole are struggling to beat their benchmarks. And with equity valuations at some of the highest levels in recent memory, it has been challenging to find value despite one of the longest bull markets in modern history. The FAANG stocks continue to dominate the growth benchmark, while strong value plays remain elusive. Nevertheless, students have shown dedication to the class by developing thoughtful

Investment style and Strategy

Objectives: The objectives of the Small Cap Fund are to achieve total returns in excess of the Russell 2000 Index and to achieve an absolute return in excess of inflation, in accordance with the Fund's role as a part of a university endowment.

Style: The Small Cap Fund combines a bottom-up approach for security selection and portfolio construction with consideration of the Fund's current sector weightings for any new additions to the portfolio. The Fund invests primarily in domestic equities with market capitalization less than $4 billion (though this may be higher, in certain instances) and benchmarks its returns against the Russell 2000 Index. Individual company analysis is conducted in conjunction with economic and sector outlooks provided by the MPSIF economic team and evaluated in the context of the consensus economic opinion of the Fund. Various criteria may be reviewed to determine the attractiveness of an investment, including, but not limited to, industry analysis, company analysis and financial valuation, the company's management team, risk factors, M&A activity, and/or other specific catalysts or events.

The Fund instituted the use of Small Cap Sector ETFs in April 2013 to further diversify the portfolio holdings and reduce overall Fund volatility.

Strategy: The Fund targets a relatively concentrated portfolio of individual stock selections with a target of 10-20 investments. Depending on both market and security-specific conditions, the turnover of the Fund may vary. At least once a semester, Fund Analysts provide updates on existing positions in the portfolio. At that time, each member in the fund votes on the Analyst's recommended course of action. The possible actions are selling/trimming the position, holding the position, or accumulating more of the position, subject to portfolio size constraints. The Fund sets allocations for each position across a range of 2.5%-5%, based on conviction levels and current sector allocations. In rare instances, positions may grow to a size in excess of 5%, in which case the Fund collectively evaluates whether it is appropriate to trim such positions.

New pitches are also presented by Analysts of the Fund throughout the semester. During new investment deliberations, members of the Fund analyze the investment merits and weigh them against any potential macro or company-specific risks. Furthermore, members review the expected timing of investment as well as upside cases and downside risks. For new investments that have been approved by the Fund through a majority vote, the Portfolio Managers determine position sizing based primarily on the collective conviction level of the team. Additionally, while there are no hard sector concentration limits, the Portfolio Managers continually monitor and assess the Fund's sector weightings relative to the benchmark and may adjust position weights accordingly.

For sectors where the Fund is underweight from individual stock selections relative to the benchmark, the Portfolio Managers use Sector ETFs to match exposure. Sector allocations may deviate from the benchmark depending on economic and sector outlooks held by the Fund.

Rationale for Small Cap Stocks: Small Cap stocks are defined by the Fund as stocks that generally have market capitalization of less than $4 billion. Based on historical data, small cap stocks have proven to offer the greatest returns to investors over the long term. However, given their size, earnings volatility, and lack of Analyst coverage, these stocks may be subject to greater volatility and price risk, and value may take longer to be recognized by the market.

Risk Management: Target stop-loss prices are implemented during the summer and winter recess periods. While the Fund does not have automatic stop-losses that are triggered upon a price drop, Analysts are required to track price activity and initiate a vote to sell upon a price drop below the pre-determined stop loss price. Every position is assigned to a particular Analyst during these recess periods. Additionally, to maintain continuity across semesters, stocks assigned to outgoing Analysts are temporarily assigned to second-semester Analysts (over the recess periods) until new Analysts join the Fund and stock coverage is reallocated.

The Fixed Income Fund

Message from the Portfolio Managers

Economic Overview

- 10-year U.S. Treasury yield is over 3%
- Bond total returns suffer from wider spreads and higher rates, particularly HY
- Strong U.S. economy growth with solid activity data, accelerated inflation, and tighter financial conditions
- ECB and BOJ were in line with consensus with no recent policy rate changes

10-Year U.S. Treasury Yield

The 10-year U.S. Treasury yield rose above 3% for the first time since January 2014 and it is expected to reach 3.25% by end of 2018, 3.5%-3.6% by end-2019, more than the forwards are pricing, and expect a steeper Treasury curve. It signals that the markets expect higher interest rates ahead. High yield bond total returns suffered from wider spreads and higher rates. Investment grade bonds were less impacted due to the yield curve steepening and shorter-dated IG outperforming.

Exhibit 1. 10-year U.S. Treasury yield rose above 3% first time since 2014

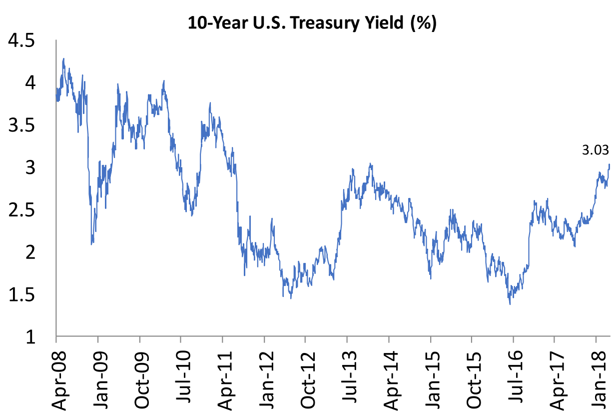
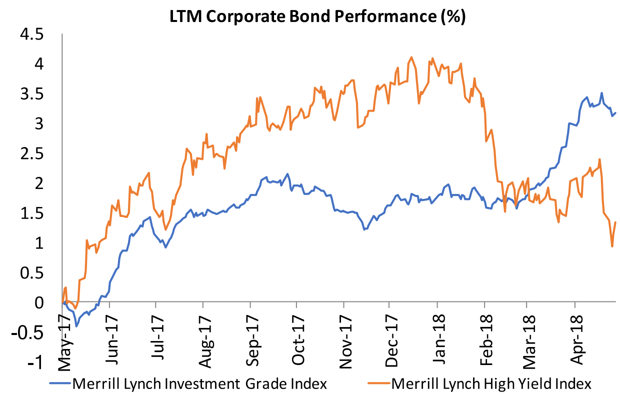


Exhibit 2. HY suffered from wider spreads while IG rallied



Strong U.S. Economy Growth

Q1 GDP came as 2.3% compared to the consensus of 2.0%. The markets expect the growth to pick up in the rest of quarters because the boost to consumer spending from tax reform becomes more apparent. The slowing down of Q1 GDP is likely been exaggerated by the adverse weather conditions and the delay in tax refunds. The U.S. economy growth remains strong though the rising wage pressures. The annual GDP growth is estimated to be around 3% from solid activity data, inflation accelerated, financial condition index tightening and historically low unemployment rate.

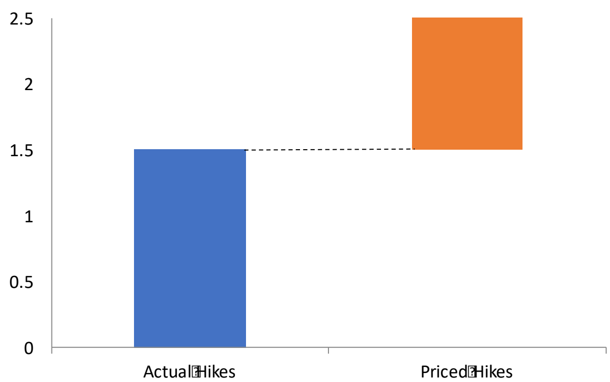
US inflation data have firmed with year-over-year core inflation rates are now near the target at 2.1% for CPI. There is a material risk that it will overshoot the target even with the Fed hiking rates at a quarterly pace over 2018-2019. Higher inflation and the associated inflation uncertainty mean that bond risk premia will have to rise.

The unemployment rate remains at 4% since last fall but wage growth remains weak and is much lower than previous expansions.

Fed Remains Hawkish

The recent hawkish tone at the FOMC statement with constructive comments on growth and an indication of clear progress on inflation. It is very likely to have another hike in June. The Fed's tightening plan is well implemented. The funds rate has risen 150bp since December 2015, nearly half the 325bp increase implied by the Fed's terminal rate forecast. Given that the markets are already discounting a further 100bp of additional hikes through the end of 2021, the Fed's rate tightening job is half way or three-quarters done. Overall, the still solid activity data, the pick-up in inflation, and the gradual FCI tightening are unlikely to lead to major surprises in the future FOMC statements. No rate hike is expected in the May FOMC meeting while a rate hike is expected in the June meeting.

Exhibit 4. Rate Hikes More Than Half Way Done



ECB - No Rate Hike in 2018

The ECB April meeting was in line with consensus with the Governing Council making no changes to the policy rate or the Asset Purchase Program (APP). The APP will gradually taper between September and December. ECB sees the broad-based economic recovery continues, even if recent data point to some moderation. The recent data weakness was seen as reflecting temporary factors, as well as an expected moderation from the high rates of economic growth seen at the end of last year. The recent data warranted caution, tempered by an unchanged confidence that inflation will converge, which calls for a steady hand in monetary policy. The timing of the next monetary policy announcements has high uncertainty. Both the June and July ECB meetings are the possible dates for new policy announcement, with July now perhaps slightly more likely. The economy growth will likely fall slightly by mid-2018 and, more importantly, that inflation will remain muted. Therefore, a 3-month taper of the APP is expected between September and December and no policy rate hike is expected until the second half of 2019.

BOJ – No Exit from YCC in Near Term

The Bank of Japan (BOJ) held its Monetary Policy Meeting (MPM) on April 26-27. As was widely expected, the BOJ kept its monetary policy unchanged. The BOJ kept its targets for short and long-term interest rates (short-term: -0.1%; long-term: around 0%). It also maintained its guideline for long-term JGB purchases (of increasing its net holdings at a pace of about ¥80 tn a year), as we expected, and made no changes to its risk asset purchase program (mainly ETFs). Although the BOJ broadly maintained its bullish inflation outlook, it deleted statements on the deadline for achieving its 2% inflation target by around FY2019. This suggests that while the BOJ is well aware that achieving the FY2019 target would be quite challenging, and that it would need to stick with yield curve control for longer, it intends to avoid fanning speculation of additional easing that is likely to be fueled each time the BOJ pushes back the deadline for achieving its inflation target. The main points are as follows.

Sector Views

Banks IG Financial institutions benefit from loose regulation. As the Federal Reserve notice of proposed rulemaking released earlier this month reduces the supplementary leverage ratio requirement and also adjusts the calculations of total loss absorbing capacity, it may reduce long-term debt requirements for banks. Although banks IG has underperformed recently, Fundamental and technical factors should help reverse the recent Banks underperformance. In addition, the supply for non-financial bonds will become higher whereas the markets do not see a supply increase of banks. This is a strong technical support for banks.

Energy HY

The recent oil price rise and tax reform benefit the energy sector, particularly HY. The sector's large size and liquidity offers investors a way to stay invested while avoiding the significant headwinds facing secularly and fundamentally challenged sectors.

Shorter Duration

The duration of our portfolio excluding cash was 4.73 years. Our benchmark's duration is 6.08. To create value and preserve our principal in an increasing rate environment, we believe that increasing exposure to the short-end of the yield curve is most prudent and minimizes price risk.

We believe that a 2 – 3-year duration is a more appropriate target for the current environment and we plan on continuing to lower our duration with our investments in the coming months. Although it is hard to manage a fixed-income portfolio in an increasing rate environment, we believe that as long as we have a shorter duration than our benchmark with a considerable risk, we will outperform our benchmark.

Floating Rate

Another way to lower the interest rate risk is the floating rate products. We would like to add products with underlying high credit quality bonds with floating rates.

Reducing Management Fees

Currently, we are holding two mutual funds, PIMCO Inflation Response Multi- Asset Fund Class P and PIMCO Real Return Limited Duration Fund Institutional Class. We would like to replace those two funds with alternative products at lower management fees.

Concentrated Portfolio

Our current portfolio contains 8 products and 6 of them are below 10%. We would like to increase the size of the funds we like, such as shorting duration and emerging market, and sell the funds that we do not like. Eventually the size of each products should be above 10%.

Exposure to High Yield

We would like to reduce exposure to high yield at the rising rate environment.

Exposure to Stable EM

We would like to replace our current EM fund with other product that focuses on countries with stable economy.

Yang Yang and Vikram Gulati
Co-Portfolio Managers, MPSIF Fixed Income Fund

Discussion of Performance

For period ending February 28, 2018

For the period ending February 28, 2018

	6 Month	1 Year	3 Year Cum.	3 Year Annualized	5 Year Cum.	5 Year Annualized	Inception* Cum.	Inception* Annualized
Fixed Income Fund	-1.49%	0.63%	-0.92%	-0.31%	2.38%	0.47%	76.59%	3.66%
Vanguard Total Bond Fund	-2.15%	0.51%	1.85%	0.61%	6.27%	2.05%	84.87%	3.96%
Relative - Net of Fees	0.65%	0.12%	-2.76%	-0.92%	-3.89%	-1.58%	-8.28%	-0.30%

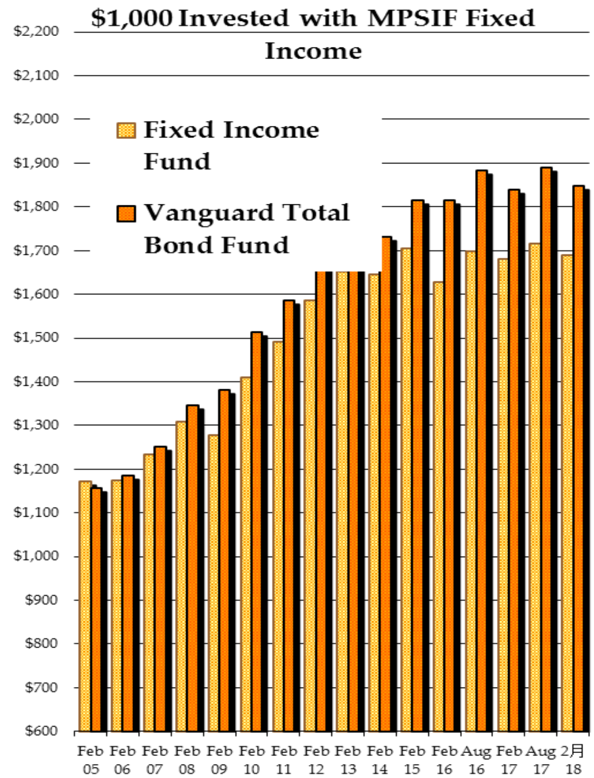
Performance Review

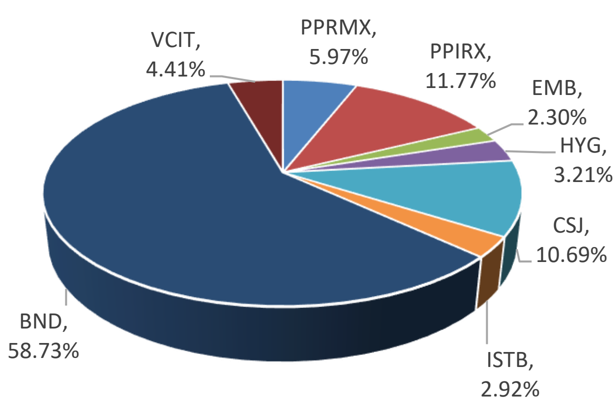
Over the past 6 and 12 months, the Benchmark has earned -2.15% and 0.51% respectively. During the most recent 6-month, net of fees, the Fund out-performed the benchmark by 65 basis points.

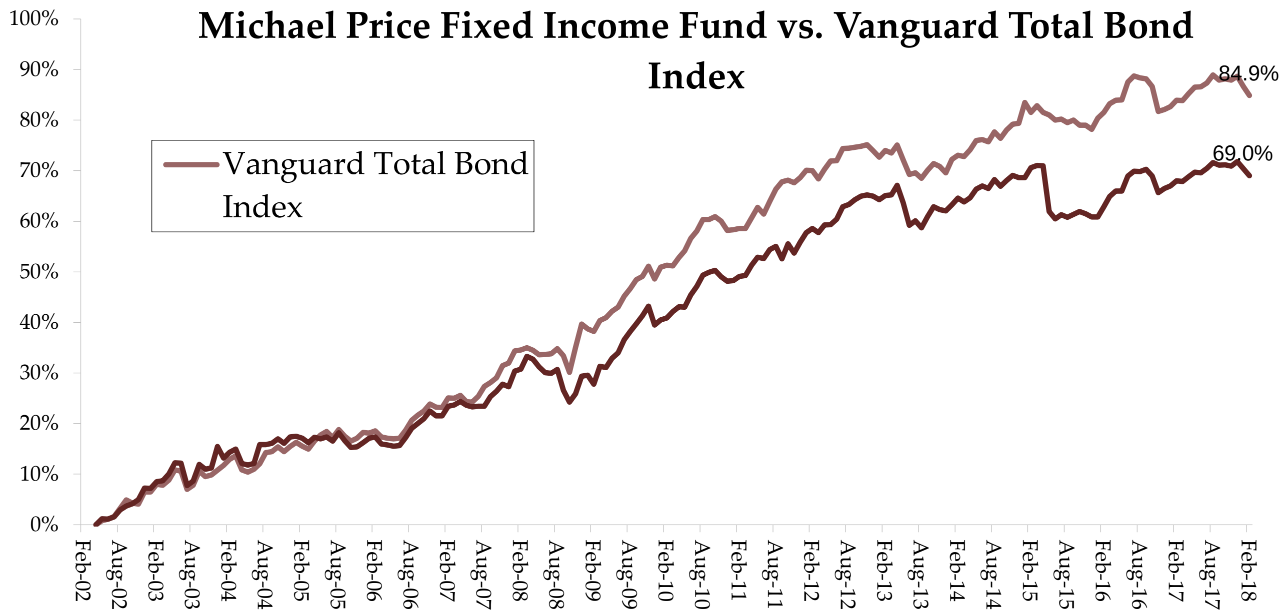
Six months ended February 28, 2018	
Top Performers	**Return**
PPIRX	-1.12%
Bottom Performers	
VCIT	-4.21%

Return *: measures the fund returns (including income) since the later of August 31, 2015 or the date of acquisition to the later of February 29, 2016 or the date of disposition.*

Note: *in addition, this report uses prices as of the market close and not intraday numbers.*







Asset Allocation and Holdings Profile

Each of the bond funds meets our goals as an investment vehicle for exposure to a particular sector. As of February 2018, the largest positions were in the Vanguard Total Bond Market ETF (BND), PIMCO Real Return Limited Duration (PPIRX) and 1-3 year Investment Grade Corporate and Sovereign Bond Fund (CSJ).

As we go forward, we intend to continue to monitor these high-yielding instruments by looking for any updates on the underlying holdings. Our objective is to make investment decisions consistent with our view. In that regard, although majority of our fund will be invested in quality high-grade treasuries and corporate bonds, as interest rates and yields rise – we would like to slightly increase our exposure to high-yield assets and slightly lower our inflation-hedged assets. Throughout this process, we will also ensure that we lower the average duration of our portfolio so that it is better suited for a rising rate environment. Since the underlying assets and durations of our bond funds are subject to change, we will be closely monitoring and actively managing our investments.

Fixed Income Portfolio as of February 28, 2018

Company Name	Ticker	Sector	Shares Held	Closing Price	Position Value	% of Assets
Vanguard Bond Total Bond Market	BND	Benchmark	2,459	$79.55	$195,613	**50.38%**
PIMCO Real Return Limited Duration	PPIRX	TIPS	4,184	$9.70	$40,580	**10.45%**
iShares Treasury 1-3 Credit Bond Fund	CSJ	Treasury	350	$103.86	$36,351	**9.36%**
PIMCO Inflation Response Multi-Asset Fund	PPRMX	Inflation	2,417	$8.62	$20,836	**5.37%**
Vanguard Intermediate Term Corporate Bond	VCIT	Corporate	172	$84.84	$14,592	**3.76%**
iShares TR IBOXX $ High Yield Corporate Bond Fund	HYG	Corporate	125	$86.18	$10,773	**2.77%**
iShares Treasury Core 1-5 Year Bond Fund	ISTB	Foreign	200	$49.30	$9,860	**2.54%**
iShares JP Morgan Emerging Markets Bond Fund	EMB	Foreign	68	$112.54	$7,653	**1.97%**
Total Securities					$336,258	**83.82%**
Cash as of February 28, 2018					27,422	**6.84%**
Total Assets					**$363,680**	**100.00%**

Descriptions	
EMB	The iShares J.P. Morgan USD Emerging Markets Bond ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, emerging market bonds.
HYG	The iShares iBoxx $ High Yield Corporate Bond ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds.
CSJ	The iShares 1-3 Year Credit Bond ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, investment-grade corporate, sovereign, supranational, local authority and non-U.S. agency bonds with remaining maturities between one and three years.
ISTB	The iShares Core 1-5 Year USD Bond ETF seeks to track the investment results of an index composed of U.S. dollar-denominated bonds that are rated either investment grade or high yield with remaining maturities between one and five years.
PFF	The iShares U.S. Preferred Stock ETF seeks to track the investment results of an index composed of U.S. preferred stocks.
PPRMX	The fund invests in a combination of Fixed Income Instruments of varying maturities, equity securities and seeks to mitigate negative effects of inflation
PPIRX	PIMCO Real Return Limited Duration Fund is an open-end fund incorporated in the USA. The Fund seeks maximum real return, consistent with preservation of capital and prudent investment management. The Fund invests in inflation-indexed securities of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities, and corporations.
BND	Vanguard Total Bond Market ETF is an exchange-traded fund incorporated in the USA. The Fund seeks to track the performance of the Barclays Capital Aggregate Bond Index, which measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the U.S.
VCIT	Vanguard Intermediate-Term Corporate Bond ETF is an exchange-traded fund incorporated in the USA. The Fund seeks to track the performance of the Barclays Capital US 5-10 Year Corporate Bond Index.

Investment Style & Strategy

The Fund seeks to outperform its benchmark, the Vanguard Total Bond Fund (VBMFX). The Fund implements its views through a top-down sectors of the U.S. Fixed Income investment grade market, namely U.S. Treasuries, Corporate Bonds and Foreign Investment Grade Bonds (Emerging Markets and Developed Markets). Due to its tax-exempt status, the Fund does not invest in Municipal bonds. Also, the Fund does not engage in shorting, derivatives trading, or other non-linear investment strategies. Currently, the Fund does not buy individual securities due to the limited size of our trades and market spreads associated with buying individual securities. Instead the Fund invests in ETFs, mutual funds and other publicly traded funds to implement its sector allocation.

Due to the Fund's inability to take positions in specific bond issues (limited dollar resources, the need to maintain a diversified fixed income portfolio and the limitations of our trading account), we use the Vanguard Total Bond Fund as our benchmark, as opposed to the more widely used Barclays Capital Aggregate Bond Index. Instead, we make sector allocation decisions and invest through ETFs and established mutual funds. We incur management fees, and thus benchmark to an index whose performance is also adversely impacted by mutual fund management fees. We felt it most appropriate to benchmark to the bond mutual fund index with the least tracking error to the Barclays Capital Aggregate Bond Index, and thus chose the Vanguard Fund.

The Executive Committee

Professor Anthony Marciano – ***Faculty Advisor***

Anthony Marciano is Clinical Professor of Finance at New York University Stern School of Business, where he teaches courses in Corporate and Behavioral Finance. Previously, he was on the faculty at the University of Chicago Booth School of Business where he won multiple teaching awards and was listed on the Business Week list of outstanding faculty. Tony also visited at the MIT Sloan School of Management and Northwestern's Kellogg School of Management, where he similarly was one of the highest rated instructors. Tony has also worked for Goldman Sachs in the financial institutions area after receiving his MBA from Sloan, which followed employment at Morgan Stanley and Drexel Burnham Lambert. He has a B.A. from Dartmouth College.

Julia Wagner – ***President***

Julia Wagner is a second year MBA student at NYU Stern specializing in Finance and Entertainment, Media & Technology. Prior to Stern, she was an assistant and staff writer at Joan Lizbeth Mashburn, CPA and a literary, foreign rights and speaker's agent at Susanna Lea Associates. Over the summer, she was a summer associate in the private wealth management division at Goldman Sachs. She holds a Bachelor's degree in Anthropology/English from Barnard College.

Tina Kou – ***Co-Portfolio Manager, Growth Fund & Small Cap Fund***

Tina Kou is a 2nd year MBA student at NYU Stern School of Business. Prior to MBA, Ms. Kou worked at Deloitte as an auditor during 2011-2016. Tina also has Master's degrees in Accounting, Materials Science and Engineering and Bachelor's degree in Chemistry

Natalie Sammarco – ***Co-Portfolio Manager, Growth Fund***

Natalie Sammarco is a second year MBA student at NYU Stern focusing on Strategy, Marketing, and Entrepreneurship. Prior to NYU Stern, Natalie spent 8 years in Mainland China, where she studied Mandarin Chinese to business fluency, worked for the US Consulate in Shanghai and represented NYC Infrastructure investment opportunities in the U.S. to foreign investors. Natalie graduated with a BA in International Studies and East Asian Politics from Middlebury College and an MA in Chinese Studies with a focus in Political Economics from Nanjing University and The Johns Hopkins University.

Samantha Wei – ***Co-Portfolio Manager, Small Cap Fund***

Samantha Wei is a second year MBA student at NYU Stern specializing in Finance, Banking, and Strategy. Prior to Stern, she worked as an investment analyst an investment advisory firm and a research associate at a hedge fund of funds. Upon graduation, she will be joining Evercore in its M&A advisory practice. Samantha holds a Bachelors' degree in Economics and Statistics from Northwestern University.

Alexander Graff – *Co-Portfolio Manager, Value Fund*

Alexander Graff is a second year MBA student at NYU Stern specializing in Finance and Strategy. A graduate of Georgetown University's School of Foreign Service (SFS) and a former diplomat with the U.S. Department of State, Alexander worked at Marsh and McLennan Companies for a Corporate Finance team during the summer. Upon graduation, Alexander will join Guggenheim Securities as an Associate.

Frances Smith – *Co-Portfolio Manager, Value Fund*

Frances Smith is a second year MBA student specializing in Corporate Finance. Prior to Stern, she worked at Gates Capital, an event-driven hedge fund in investor relations and fund reporting. Frances is a CPA with a Masters of Accounting from the McCombs School of Business at the University of Texas at Austin. Following graduation, she will return to Texas to work for Credit Suisse's Oil & Gas investment banking group.

Yang Yang – Co-Portfolio Manager, Fixed Income Fund

Yang Yang is a second year MBA student at NYU Stern. Prior to Stern, she worked in economic and strategic research at Fannie Mae and Asia credit strategy research at Goldman Sachs. Yang graduated from The George Washington University – School of Business with a BBA in Finance, International Business & Statistics.

Vikram Gulati – *Co-Portfolio Manager, Fixed Income Fund*

Vikram Gulati is a first year MBA student at the NYU Stern School of Business. Prior to Stern, he worked for five years as a commercial banker for Citibank in India, managing large corporate client relationships. Vikram is an avid cyclist and runner, and also loves hiking in the Himalayas. He holds a Bachelors' degree in Engineering and a Masters' degree in Finance.

The Growth Fund

Ben Okun is a second year MBA student at NYU Stern specializing in Finance and Corporate Finance. This past summer Ben interned at Palladium Equity Partners, a middle market private equity firm, and upon graduation, will be joining the Global Finance team at Marsh & McLennan Companies. Ben graduated from the University of Wisconsin-Madison with a Bachelor's degree in Communications.

Wei Wen is a second-year MBA student at NYU Stern with concentration in finance. After graduation, she is going to join Credit Suisse in the investment banking division. Prior to Stern she worked as a senior consultant for financial services industry at Ernst and Young. She started her career at Deutsche Bank in the prime brokerage and sales technology teams.

Rebecca Messner is a second-year MBA candidate at NYU Stern specializing in Finance, Strategy, and Entertainment, Media & Technology. Prior to Stern, she worked as an independent documentary filmmaker for six years before making a career transition to finance. As an equities analyst for Seminole Management, a long-short equity hedge fund, she covered the media and retail industries. At Stern, she completed internships in Financial Planning and Analytics at Walt Disney Animation Studios, and in Distribution at FilmNation Entertainment.

Natalie Sammarco is a second year MBA student at NYU Stern focusing on Strategy, Marketing, and Entrepreneurship. Prior to NYU Stern, Natalie spent 8 years in Mainland China, where she studied Mandarin Chinese to business fluency, worked for the US Consulate in Shanghai and represented NYC Infrastructure investment opportunities in the U.S. to foreign investors. Natalie graduated with a BA in International Studies and East Asian Politics from Middlebury College and an MA in Chinese Studies with a focus in Political Economics from Nanjing University and The Johns Hopkins University.

Julia Wagner is a second year MBA student at NYU Stern specializing in Finance and Entertainment, Media & Technology. Prior to Stern, she was an assistant and staff writer at Joan Lizbeth Mashburn, CPA and a literary, foreign rights and speaker's agent at Susanna Lea Associates. Over the summer, she was a summer associate in the private wealth management division at Goldman Sachs. She holds a Bachelor's degree in Anthropology/English from Barnard College.

Tina Kou is a 2nd year MBA student at NYU Stern School of Business. Prior to MBA, Ms. Kou worked at Deloitte as an auditor during 2011-2016. Tina also has Master's degrees in Accounting, Materials Science and Engineering and Bachelor's degree in Chemistry.

Yang Yang is a second year MBA student at NYU Stern. Prior to Stern, she worked in economic and strategic research at Fannie Mae and Asia credit strategy research at Goldman Sachs. Yang graduated from The George Washington University – School of Business with a BBA in Finance, International Business & Statistics.

Charles Perron-Piche is a first year MBA student at NYU Stern. Prior to beginning his MBA, Charles worked four years as an Equity Research Associate in the Industrials sector at Desjardins Capital Markets in Canada. He graduated with a B.B.A. and a M.S. in Market Finance from HEC Montreal in 2012 and 2015, respectively. He is also a CFA Charterholder.

Amy (Ahyun) Kim is a first year MBA student at NYU Stern specializing in Finance and Financial Markets & Instruments. Prior to Stern, she worked as a CPA at Ernst and Young in their Transaction Advisory Services practice for five years. She holds a Bachelor’s degree in Economics and Financial Economics at Ewha Womans University in South Korea.

Neesha Khanna joined Credit Suisse Equity Research in June 2013 in the Energy sector. She covered 17 Offshore and Onshore drilling companies and was the Senior Associate on the team. Prior to Credit Suisse, Neesha held internship positions at Credit Suisse, ISI, and ROTH Capital. She has a Bachelors of Science degree from Lehigh University's College of Business and Economics and currently is pursuing a Masters of Business Administration from NYU Stern School of Business. She is a CFA Level II candidate.

Divya Singaravelu is a first year MBA at NYU Stern specializing in Finance and Entertainment, Media and Technology. Prior to Stern, she was a management consultant, specializing in financial risk management at KPMG. She specialized in technology strategy and business operations for Sapient Corporation and Cognizant Technology Solutions. Divya began her career as a broadcast journalist covering business and financial news for prominent South Asian networks. Divya has a Master's degree in data journalism from Columbia Journalism School and a Bachelor's degree in technology from Madras University.

Wenjun Wu is currently specializing in finance at Stern. Prior to his MBA, he has been working for over five years in retail banking risk management and property-casualty insurance sector research.

Zheng Zang is a first-year MBA student at NYU Stern School of Business, majoring in finance and strategy. Prior to Stern, Zheng worked as a financial analyst covering global energy market in a hedge fund based in Beijing, China. Zheng also holds a B.A. in Economics and B.S. in Chemistry from Peking University.

Doris Nan is currently an MBA candidate at New York University's Stern School of Business, specializing in Finance and Strategy. Prior to Stern, Doris worked at Barclays and Goldman Sachs, primarily focused on risk analysis and execution of equity and equity derivative transactions.

The Value Fund

Alexander Graff is a second year MBA student at NYU Stern specializing in Finance and Strategy. A graduate of Georgetown University's School of Foreign Service (SFS) and a former diplomat with the U.S. Department of State, Alexander worked at Marsh and McLennan Companies for a Corporate Finance team during the summer. Upon graduation, Alexander will join Guggenheim Securities as an Associate.

Joe Deane is a second year MBA student, specializing in Finance and Entrepreneurship & Innovation. Joe recently finished interning at Moels and Company, where he worked on M&A and restructuring across various industries. Prior to attending NYU Stern Joe worked as an institutional salesman at Citigroup in the Municipal Bond department. Joe has a B.B.A. in Finance from Loyola University Maryland.

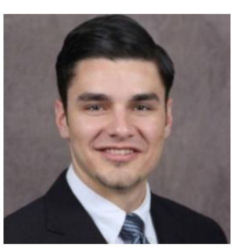
Samantha Wei is a second year MBA student at NYU Stern specializing in Finance, Banking, and Strategy. Prior to Stern, she worked as an investment analyst an investment advisory firm and a research associate at a hedge fund of funds. Upon graduation, she will be joining Evercore in its M&A advisory practice. Samantha holds a Bachelors' degree in Economics and Statistics from Northwestern University.

Charles (CJ) Wallace is a member of the full-time MBA Class of 2018. An Atlanta native, after graduating from Princeton in 2005, he has been in Europe for the last 11 years playing professional basketball. During summers off, he co-managed an alternative asset driven LLC focused on distress, senior housing, and early stage seed investing. During the most recent summer, he interned at Goldman Sachs as a summer associate in the private wealth management division.

Parker Rankin is a 2nd year MBA student at NYU Stern specializing in Finance and Entrepreneurship. Prior to Stern, Parker worked for a large single-family office in Atlanta called RFA Management Company, LLC where he invested in both public and private equity. Prior to this role, he worked for a small mezzanine investment firm called Nancy Creek Capital, also based in Atlanta. Parker graduated in 2009 from the University of Virginia, where he majored in Economics. He spent this past summer interning at Merrill Lynch in their Alternative Investments Group.

Frances Smith is a second year MBA student specializing in Corporate Finance. Prior to Stern, she worked at Gates Capital, an event-driven hedge fund in investor relations and fund reporting. Frances is a CPA with a Masters of Accounting from the McCombs School of Business at the University of Texas at Austin. Following graduation, she will return to Texas to work for Credit Suisse's Oil & Gas investment banking group.

Vikram Gulati is a first year MBA student at the NYU Stern School of Business. Prior to Stern, he worked for five years as a commercial banker for Citibank in India, managing large corporate client relationships. Vikram is an avid cyclist and runner, and also loves hiking in the Himalayas. He holds a Bachelors' degree in Engineering and a Masters' degree in Finance.



Eric Warters is originally from Ft. Lauderdale, FL and attended University of Central Florida, double majoring in Finance and Accounting. Prior to Stern, Eric spent 5 years with Merrill Lynch, primarily in their Wealth Management practice. He is a CFA charterholder and member of the Graduate Finance Association and Student Investment Management & Research Society here at NYU Stern. An avid hockey fan and bookwork, Eric enjoys spending his free time supporting the Florida Panthers or lost in a good non-fiction book.

The Fixed Income Fund

Yang Yang, Vikram Gulati, Zheng Zang, Tim Zhao

Bios for Fixed Income team members are listed under their respective Equity Funds.

NEW YORK UNIVERSITY
NYU STERN
LEONARD N. STERN
SCHOOL OF BUSINESS

THE MICHAEL PRICE
STUDENT INVESTMENT FUND
44 WEST FOURTH STREET
NEW YORK, N.Y. 10012
http://pages.stern.nyu.edu/~mpsif
mpsif@stern.nyu.edu