



SJSU SPARTAN FUND

LUCAS COLLEGE AND GRADUATE
SCHOOL OF BUSINESS

November 15, 2016

Dear Partners and Alumni,

The market has reacted positively to the shift in US political power. However, the initial reaction was very mixed with the S&P 500 posting its biggest one-day reversal. S&P 500 futures were down by 5 percent during the election, but those losses were quickly reversed and US markets ended in positive territory after the election. Bond market yields have also increased post-election. The 10-year US Treasury yield spiked to 2.3 percent one week after the election. The rise in yields has been driven by the prospect of increased inflation due to the potential new policies of the incoming administration; in addition to the likely increase in the federal funds rate in December. The new policies are likely to focus on deregulation and infrastructure spending. This will benefit industries such as industrials, financials, energy (fossil fuels), and pharmaceuticals. We should have a better picture as the new administration cabinet begins to take form and more concrete policies are fleshed out.

The US economy grew by more than expected during the third quarter as GDP grew at an annualized rate of 2.9 percent. However, GDP has only averaged 1.6 percent growth over the last four quarters. The spike in GDP was driven by growth in exports and inventories of 1.2 percent and 0.6 percent respectively. The increase in inventories was a welcomed addition to five straight quarters of declines. Consumption, which makes up 70 percent of the economy, increased by 2.1 percent compared to 4.3 percent in the previous quarter. It is worth noting that the previous quarter's growth rate was not sustainable in the long-run. On the jobs side, October added 161,000 nonfarm jobs and the unemployment rate fell to 4.9 percent. A tightening labor market has increased wages by 2.8 percent compared to last year. The US continued trend towards a service economy was reflected in the jobs data; the manufacturing sector cut 9,000 jobs, whereas the service sector added 142,000 jobs. The sentiment towards this trend was reflected in the results of the US election.

As can be seen below, the fund has continued to outperform the benchmark. Since inception the fund has gained 10.30 percent compared to the 7.08 percent return of the S&P 500.

	1 Month	3 Month	1 Year	Inception
Spartan Fund	-0.53%	0.96%	3.76%	10.30%
S&P 500	-1.94 %	-2.18 %	2.25%	7.08%

We continue to maintain a diversified portfolio which has resulted in standout performers. Our current top five positions are Alphabet (GOOG) +33.56%, Raytheon Co. (RTN) +30.92%, Marsh & McLennan (MMC) +29.82%, Valero Energy (VLO) 27.76%, American Electric (AEP) 23.62%.

We invite you to drop in during any of our analyst presentations in BBC 303 from 1:30-2:45 PM on 12/6, 12/8. We're always looking for advice on ways to improve and grow as a team.

Best Regards,

Ricardo Herrera
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Nishi Saksena
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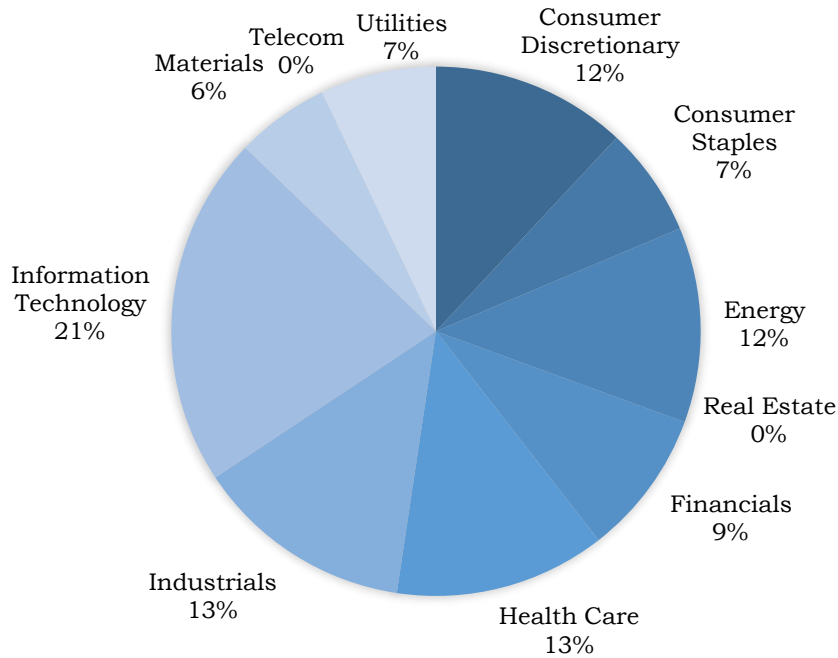
Ticker	Company Name	P&L (%)	Weights
GOOG	Alphabet Inc.	33.56%	4.89%
RTN	Raytheon Co.	30.92%	4.25%
MMC	Marsh & McLennan	29.82%	3.97%
VLO	Valero Energy	27.76%	3.69%
AEP	American Electric	23.62%	3.77%
LRCX	Lam Research Corp.	18.18%	6.03%
CTSH	Cognizant Tech.	17.53%	3.73%
V	Visa Inc	16.94%	3.43%
CI	Cigna Corp.	15.88%	3.70%
JNJ	Johnson & Johnson	15.82%	3.61%
MDLZ	Mondelez Intl.	14.91%	3.64%
HAS	Hasbro	13.05%	3.46%
GLW	Corning Inc.	11.00%	3.44%
DUK	Duke Energy	10.40%	3.32%
UPS	United Parcel Service	10.21%	3.36%
HD	Home Depot	9.62%	2.53%
PSX	Phillips 66	4.57%	3.20%
PFE	Pfizer Inc.	4.45%	3.29%
DIS	Walt Disney Co.	3.81%	3.27%
PG	Proctor & Gamble Co.	1.71%	3.06%
ECL	Ecolab Inc.	0.85%	3.08%
EXPE	Expedia	0.53%	2.68%
BA	Boeing Inc.	-3.85%	2.96%
LYB	LyondellBasell Industries	-3.99%	2.64%
CVX	Chevron	-4.72%	3.04%
UNP	Union Pacific Corp.	-9.52%	2.75%
WFC	Wells Fargo & Co.	-11.40%	2.67%
TROW	T Rowe Price	-22.49%	2.26%
GILD	Gilead Sciences	-22.66%	2.29%
COP	ConocoPhillips	-32.31%	1.98%

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Value of Securities	\$48,175
Cash (excl. dividends)	\$7,209
Total Account Value (excl. dividends)	\$55,384
Account P&L (%) (inception)	10.77%
Account P&L (\$) (inception)	\$5,384
Cash % of Total	13.01%

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