Greystone Equity Fund

2015-2016 Annual Report

Marist College

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Director's Letter

Summer 2016

On behalf of the students who participated in Marist College's student-managed investment program in 2015 and 2016, I am pleased to present the Greystone Equity Fund Annual Report for the period ending May 31, 2016. The report was written by the students.

Students who participate in the program are tasked with managing the equity portfolio over the course of a single semester. They are responsible for all aspects of the portfolio management process, from evaluating the current state of the economy to screening, analyzing and evaluating potential stocks and writing analyst reports, and voting on portfolio allocation decisions. Each class has had to make decisions in the face of uncertainty and incomplete information, and they have done an excellent job.

This year has once again provided the students with valuable learning opportunities, as several sectors of the equity markets experienced significant volatility and produced negative returns. The students have seen how wild gyrations in the oil market led to a direct impact on the portfolio as stocks in the energy sector responded to price volatility, while continued uncertainty over growth and interest rates depressed markets. The students, however, have taken the long view and did not panic, maintaining their positions in several stocks that they believe to be temporarily depressed.

This year, for the second time, students from the Greystone Equity Fund took part in the CME Group Trading Challenge. In this competition, which features teams trading commodities such as oil, gold and livestock, two Marist teams competed against 600 student teams from around the world and acquitted themselves admirably, with one team finishing in 18th place. Students also benefited from our annual trip to the GAME forum, a conference for student-managed investment funds, where the Marist representatives had the opportunity to hear from industry leaders and to share their experiences with peers from other colleges and universities across the country.

The students would not be able to participate in these exciting initiatives without the support of the Marist administration. I would like to thank President Murray and the Board of Trustees for allowing the Greystone Equity Fund to manage a portion of the College endowment and for providing the Fund a home in the state-of-the art Investment Center in the Hancock Center. John Pecchia, the CFO, and the Dean of the School of Management, Lawrence Singleton, have helped us enormously, while our guest speakers have been overwhelmingly generous with their time and support.

Our experience with the Greystone Equity Fund has been exciting and rewarding. The students have demonstrated a tremendous capacity for hard work and a thirst for knowledge. I am confident that the team-based, practical learning experience gained by the student participants will serve them well in their future careers and, notwithstanding the challenges of the world economy, I believe that the Greystone Equity Fund will continue to provide our students with the opportunity to excel.

Brian J Haughey, CFA, FRM, CAIA

Director, Marist College Investment Center.

President’s Letter

My name is Alayna Krug and I held the position of President for the Greystone Equity Fund in the Spring 2016 semester. Our class consisted of 18 selected students dedicated to learning about the equities markets and to gaining a deeper understanding of the financial system as a whole. Aware of our fiduciary responsibility, each student was committed to managing the Fund to minimize risk while maximizing returns, given the current and potential future trends of the market and the economy.

Each student began by selecting two sectors to specialize in and analyze throughout the semester. The student managers made an in-depth study of the sectors - their different industries, the companies within those industries, and characteristics of the leading firms. They also analyzed economic factors affecting each sector and how that played a role in its performance, to drive their stock selections.

The students picked stocks in their sectors using custom screens on Bloomberg terminals, applying specific criteria they believed would make for a desirable stock selection, such as P/E ratio, market cap, credit rating, Altman’s Z-score, dividends, etc., and also used the Piotroski F-score, a nine-factor screen. They performed valuation analyses on their target firms, seeking to determine whether or not the company was over- or under-valued, an indication of whether or not a given stock is considered a buy.

The next step was for the student fund managers to prepare a comprehensive analyst report that focused on the selected company’s competitive position, growth initiatives, and projections for the future, to help the class decide if a firm would prove a beneficial addition to the fund. Upon closer analysis some companies were found to be not as strong as initially thought, resulting in a ‘hold’ rating. Meanwhile, analysts believed that several companies had the potential to perform well, but a majority of the class voted against including those stocks in the portfolio. This semester, there were five successful investment pitches: Roper Technologies, Facebook, Wells Fargo, Snap-On, and Tyson Foods. This followed on the heels of acquisitions in the Fall semester of Emergent BioSolutions, PayCom Software, Assured Guaranty, Airbus Group, Valero, Flowers Foods and Aqua America.

The Greystone Equity fund has opened so many doors to job opportunities. It gave the class the opportunity to showcase the growth in our knowledge and to practice our public presentation skills and learn from our classmates. Each of us has gained a deeper understanding of the markets and current market news to better prepare us for what is ahead. Professor Haughey challenged each and every one of us to understand the current market and global economics that would play a part in our selections for the portfolio. This pushed each of us to work harder, benefitting all of us tremendously. I enjoyed working with each of my classmates and getting to know them on a professional level.

It has been an incredible privilege for all of us in the Spring 2016 Greystone Equity fund class, be a part of the program; we have all gained so much that we will take with us forever. I am truly honored to have been a part of the Fund and would like to thank the Marist College Administration and all those who made this fund possible. This has been the highlight of my educational career.

Alayna Krug

President, Greystone Equity Fund

The Greystone Equity Fund - Introduction

The Greystone Equity Fund – a student-managed investment fund (SMIF) – was established in 2011 to provide Marist College students with “hands-on” experience in investment management, by bridging the gap between traditional classroom instruction and “real world” application. The aim of the program is to maximize the long-term total rate of return on fund assets, while providing student managers the opportunity to gain experience in identifying, analyzing, valuing and investing in securities, in the management of a portfolio, and in the reporting of portfolio performance.

Student participants in the SMIF submit to a recruitment process that is designed to be both highly selective and representative of what students will be exposed to when they graduate. Each applicant was required to complete an application form, and to provide a letter of recommendation from one of their professors. Other than in exceptional circumstances, only applications from those students with a GPA of 3.0 or better were considered. After an initial screening process, selected applicants were invited to take part in an interview process. Students who acquitted themselves satisfactorily in the interview were then invited to participate in the class.

The class is organized just as an investment management firm might be. Each student has responsibility for one of ten market sectors, and is responsible for identifying and researching potential stock investments, and writing an analyst report on his or her stock suggestion. The entire class comprises the investment committee, responsible for asset allocation and formulating investment strategy, subject to the provisions of the fund’s Investment Policy Statement, and votes on each investment proposal. A super-majority is required for a proposal to be accepted. Students meet formally for regularly scheduled classes, as well as informally while performing research, and are required to dress professionally when in the Investment Center.

Students in the SMIF learn how to assess the current state of the economy to determine the likely performance of industries and companies. They work on their own and in small teams, and gain experience in performing both quantitative and qualitative analysis, and in presenting their findings both verbally and in written analyst reports. Equally importantly, they gain experience in decision making with incomplete information, and in weighing and evaluating several prospective outcomes.

They perform “top-down” analysis to determine the fund’s sector weighting, by evaluating the macroeconomic environment, examining leading economic indicators and keeping abreast of political, economic and regulatory news. They then perform a “bottom-up” fundamental analysis, screening for stocks in a given sector on the basis of relative value to identified undervalued securities, and performing a comprehensive evaluation of their selected stock. This analysis entails evaluating the company’s financial statements, earnings guidance, competitive position and industry research, and using discounted cash flow models and relative valuation metrics to determine what the students believe is a “fair value” for the security.

The emphasis in the program is on bridging the gap between the academic and the practical, and in this we have been assisted by a group of Wall Street professionals who have generously devoted their time to visiting the class and making presentations. Students in the Greystone Equity Fund also benefit from the resources available in Marist’s world-class Investment Center, featuring a dozen Bloomberg terminals, the Morningstar data service, stock tickers and TV displays, and their rich learning experience would not be possible without the resources provided by the College administration.

Portfolio Guidelines

The investment objective of the Greystone Equity Fund is to maximize the long-term total rate of return on fund assets, consistent with prudent risk limits and diversification requirements, while providing its student managers with the opportunity to gain experience in identifying, analyzing, valuing and investing in securities, in the management of a portfolio, and in the reporting of portfolio performance.

The portfolio is managed against a benchmark, the S&P 500 index, with student managers being subject to the provisions of the fund's Investment Policy Statement. Consistent with this policy, student managers may only invest in stocks that are either domiciled in the US or that have ADRs traded on a US exchange. Permitted asset classes include equities, convertible bonds, ETFs and cash. The fund may invest in common and preferred stocks of US domestic equities with market capitalization of at least $100 million. No more than 20% of fund assets may be invested in small-cap stocks, and no more than 40% may be invested in medium-cap stocks, where small-cap stocks are defined as those with a market capitalization of between $100 million and $2 billion, and medium-cap stocks are defined as those with a market capitalization of between $2 billion and $5 billion.

The fund seeks to outperform the index by overweighting those market sectors the managers believe, on the basis of their analysis, will outperform the market over the next 12 months, and underweighting those sectors they believe will underperform. Within each of the market sectors the managers seek to identify individual stocks that will outperform their peers.

The portfolio remains fully invested over the summer and winter breaks, in order to replicate the performance of a buy-and-hold portfolio. The class could choose to liquidate the portfolio between semesters, but to do so would expose the Fund to basis risk, that is, the risk that the market could recover from a decline, or appreciate significantly leading to significant underperformance by the cash only portfolio.

Student Commentary

The Greystone Equity Fund was initiated during the spring semester of 2011. The first class of this Student-managed investment fund met in January of that year and since then, eight additional classes have participated in the program. The first cohort of students selected a group of exchange traded funds (ETFs) that covered each major market sector for the initial allocation of portfolio assets. As the semester progressed, the class then analyzed individual stocks that they later pitched to the class and, after a vote, liquidated a portion of the ETF investments and allocated the proceeds to the selected equities. During subsequent semesters each incoming class examined the ETF and stock selections of the preceding students, choosing to either maintain the current investments or sell and invest in new holdings. At the end of each semester, the current class voted to accept the stocks that were pitched, and liquidated some of the existing ETF and previous equity holdings to fund the stock purchases.

Each student cohort learned how to access and evaluate the market environment by using tools such as MorningStar and Bloomberg. Each member of the class was responsible for specific roles that would help the whole team achieve the best conclusions. Members responsible for the analysis of the economic environment kept the class updated about facts that could affect final decisions. In addition, the class used valuation models developed both by Bloomberg and themselves to help analyze the chosen stocks.

The benchmark used for the fund assets is the S&P 500, and we analyzed the market using sectors defined by Standard and Poor's: Consumer Discretionary, Consumer Staples, Energy, Financials, Heath Care, Industrial, Information Technology, Materials, Telecommunication services, and Utilities.

We sought to generate Alpha, or outperformance relative to the benchmark, by overweighting sectors we believed would outperform, as well as picking what we considered to be superior stocks within each sector. We discuss our sector weights in a subsequent section. Our stock research primarily focused on fundamental analysis, although we did pay some attention to technical analysis, and the Investment Center's Bloomberg terminals provided the class with an extensive array of stock screening tools which each student could tailor to fit their own preferred criteria. Students also made use of company financial statements (Income Statement, Balance Sheet, Statement of Cash Flows, and Statement of Retained Earnings).

The most popular initial screens used by students were the Price/Book ratio, the Price/Earnings ratio, Price/Sales, and Earnings per Share. The Price/Book (P/B) ratio provides an excellent measure regarding the relative value of an underlying stock. It compares the current price of the stock to the proceeds likely to be realized if the company were to be liquidated today. Typically, investors searching for a bargain purchase should buy a stock with a P/B ratio of less than 1. This suggests that an investor will be buying a stock at a "discount".

The Price/Earnings (P/E) ratio tells an investor how much he is paying for a company's earnings power. Some stocks feature a high P/E (20 or more) stock; in such cases an investor is prepared to pay more for the stock because of its higher expected earnings power, although these stocks typically carry more risk than a low P/E (15 or less) stock. Examples of this observation are the new, innovative tech companies such as Apple, Google, and Micron Technologies. Investors in a stock that features a low P/E (15 or less) expect the company to maintain a steady cash flow. These companies include General Electric, NextEra, and Verizon, and they usually pay dividends. Conversely, high P/E stocks do not tend to pay dividends.

The Earnings Per Share (EPS) screen is a useful indicator that shows how much profit the company produced for one share of common stock. EPS provides investors with a solid screen because if EPS increases year after year, the stock has consistent earnings growth or earnings momentum, while a history of paying dividends is attractive also. We also used a variety of other screens, such as the Pietrowski F-score, to rank stocks.

The portfolio's weighted-average Beta is 1.02, slightly higher than that of the Benchmark, the S&P500, which has a beta of 1.00. The gives us a relatively safe position considering the market's uncertainties while still allowing for excess expected growth over the benchmark. Our opportunity to generate Alpha arises from the quality of our equity selections and allocation. In accordance with current economic conditions, we believe we have addressed both the risk of an economic downturn and the opportunity for continued expansion.

Economic Outlook

Global Economic Highlights

According to the IMF, global economic growth is expected to be 3.4% in 2016. However, growth is not expected to be distributed evenly across all regions. Developed economies in particular are expected to have lower growth than the global average. European GDP growth is expected to be 1.7% in 2016. Despite the modest growth projections, this marks an improvement for the Euro area which experienced negative growth during the three years since the Financial Crisis of 2008. The United States is expected to fare better with GDP growth projected to be 2.6% in 2016. The main drivers of global economic growth in 2016 will be Emerging and Developing Asia, with a projected growth rate of 6.3%, and sub-Saharan Africa (4.0%). While Brazil and Russia are expected to see negative growth, a result of depressed oil prices, their BRIC partner nations of China and India are likely to see 6.3% and 7.5% respectively. Major economic themes during 2016 will be the BREXIT Crisis and its continued effect on the European economy, the resurgence of the US dollar and its effect on US companies operating abroad, and slowing growth in China.

U.S. GDP

2016 Q1 GDP growth was very disappointing, clocking in at a sluggish rate of 0.8%, following on from the disappointing Q4 2015 GDP growth of 0.9%, continuing evidence that the economic expansion has slowed. Indeed, yearly GDP has not exceeded 3% since 2005. In addition to depressed oil prices, the strong US dollar has reduced earnings for those firms that earn a significant proportion of their revenues from overseas, while continued weakness in Europe and a relative slowdown in China suggests that there is unlikely to be a pickup in the short-term. The Fed's continued reluctance to increase Interest rates is also indicative of a continued malaise.

FIGURE 1 – QUARTERLY CHANGE IN GDP

Consumer Sentiment

The University of Michigan Survey of Consumer Confidence Sentiment index had been improving significantly through mid-2015, but since then has been trending down. In April 2015 the index peaked at 95.9, subsequently declining to 91.0 in March of 2016. Elevated sentiment numbers are bullish for the economy, given the importance of consumer spending, which accounts for close to 70% of GDP.

FIGURE 2 – CONSUMER SENTIMENT

Interest Rates

Short term interest rates have remained low in 2016. The 3-month rate was 0.287% on May 31st, and the 2-year note was at 0.879%. It is currently unclear how when the Federal Reserve is looking to raise rates, given the emergence of negative rates in Europe and Japan. The effect that any additional increase in interest rates would have on the economy and, in particular, equities prices, remains to be seen and will depend on whether investors will come to view fixed income as a viable alternative to equities once yields are raised or as an indicator of a generally improving economy, thus attracting more money into the market.

Oil Prices

Oil sank to $26.21 on 2/11/16, the lowest level in more than 10 years. The decrease in oil prices was driven by a combination of factors, including high US inventories, the result of the sustained increased in North American oil production which has increased the global supply of oil. At the same time, demand for oil has been dampened by slow growth in Europe and reduced demand from China.

Additionally, according to Arthur Berman, an oil and gas industry consultant, the drop in oil prices may also be connected to the end of quantitative easing. Because oil prices on the global market are given in US dollars, quantitative easing caused an increase in oil prices due to the devaluation of the dollar. Now that QE has ended, the US dollar has regained strength, causing oil prices to decrease at the same time. Oil has since made a significant recovery, in percentage terms, from the low experienced back in February, reaching $49 per barrel at the end of May.

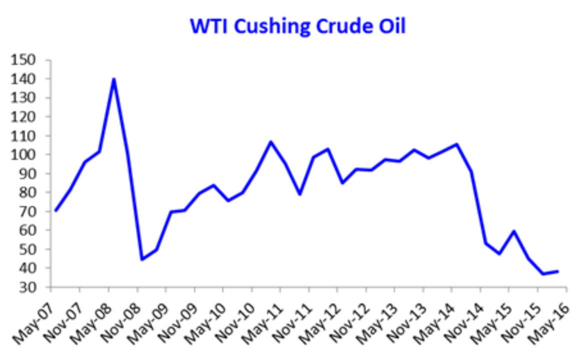


FIGURE 3 – OIL PRICES

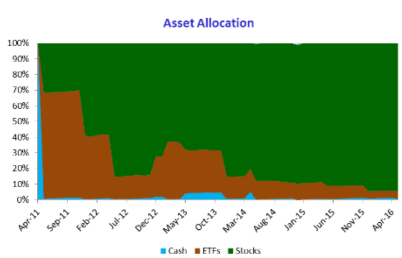
Unemployment and Labor Force

The unemployment rate has fallen from 10% in 2009 to a low of 4.7% in May 2016. In addition, the monthly average of initial jobless claims for the month of May was 277,000, continuing the downtrend since April 2000. These two indicators could mean that the labor market is tightening and the economy is improving. However, it is also important to look at both the U-6 number, which measures underemployment, and the labor force participation rate, which reflects the labor force as a percentage of the working-age population, for a more accurate picture. From 2009, the labor force participation rate has fallen from 66% to below 63%, a level last seen in the late 1970's. Much of the reduction in observed unemployment is attributable to workers leaving the work force. Until the participation rate begins to increase it is likely that the pace of economic growth will remain subdued.

FIGURE 4 – EMPLOYMENT, UNDER-EMPLOYMENT AND LABOR FORCE PARTICIPATION

Portfolio Allocation

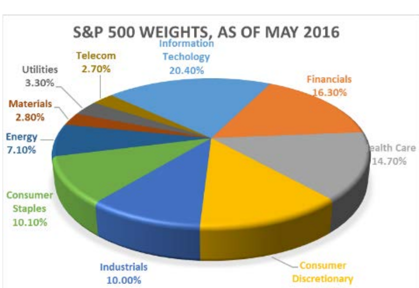
The student managers seek to outperform the benchmark by overweighting those sectors in the S&P 500 that they expect to do well, and underweighting the sectors they think will perform worse than the average. Within these sectors they seek to invest in stocks that will outperform their sector peers. Occasionally a potential stock investment will not ultimately be accepted; in such cases the student managers will instead invest a portion of the portfolio assets in a sector exchange-traded fund (ETF). As a result, the portfolio will typically have a modest exposure to ETFs.



At times the class may decide to sell a position in advance of rebalancing the portfolio, with the proceeds being held in cash or in an index ETF. There is also a delay, when rebalancing the portfolio, between the sale of holdings and the reinvestment of the sale proceeds in new holdings. This delay, typically three days, can be a source of portfolio underperformance in a volatile market. Figure 5 shows the Fund composition over time.

FIGURE 5- PORTFOLIO COMPOSITION

Sector Weights



As discussed above, the student managers seek to out-perform the index by overweighting sectors they believe are likely to perform better than average, and to underweight sectors they expect to under-perform. Each class updates the portfolio weightings, and the most recent portfolio reallocation was performed in May 2016. Figure 6 shows the sector weights of the S&P 500 index at that time.

FIGURE 6 – S&P 500 CURRENT SECTOR WEIGHTS

The sector weights for The Greystone Equity Fund prior to, and subsequent to, the May rebalancing are shown in Figure 7. Relative to the S&P 500 sector weights, the student managers decided to overweight Consumer Staples, Industrials and Materials. They chose to under-weight Energy, Financials, Information Technology, Telecom and Utilities.

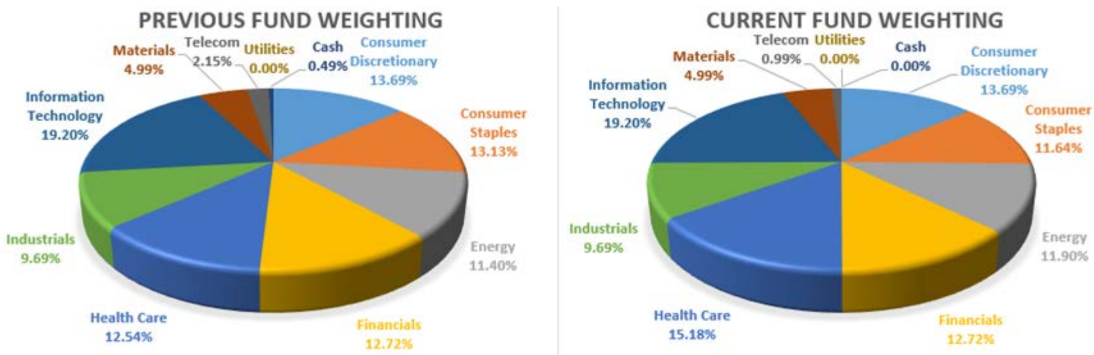


FIGURE 7 – CURRENT GREYSTONE EQUITY FUND SECTOR WEIGHTS

Current Portfolio Holdings

In preparation for the Fall 2016 semester, the Fund holdings have been realigned to reflect the economic expectations of the current student managers. In December 2015, new positions were added in Emergent Biosolutions, Paycom Software, Assured Guaranty, Airbus Group, Valero Energy, Flowers Foods and Aqua America.

In May 2016, several new positions were added: Roper Technologies Inc., Facebook Inc., Wells Fargo & Co., Snap-On Inc., and Tyson Foods, Inc. Roper's high-tech advancements in radio frequency and impressive Altman Z-score were two major factors that drove us to select this company. Facebook, the largest player in the Social Networking industry has been performing extremely well throughout the past 5 years and the student managers expect more growth from the company in coming years. Wells Fargo, the largest bank in the world by market capitalization, impressed the student managers with their returned $12.6 billion to shareholders in 2015 through common stock dividends. Snap-On's growth has been consistent and is expected to grow due to improving financials, higher sales, and a recent acquisition which bodes well for the company. Tyson has also had several recent acquisitions, growing the company and increasing their market share which is a positive sign of future growth. With new additions, we also sold off positions in Capital One Financial Corp., Flowers Foods Inc., Micron Technology Inc., Valero Energy Corp., and Technology Select Sector SPDR ETF.

Holding	Ticker	Sector	Acquisition Date	Weight
Cash	Cash	Cash	N/A	0.18%
WALT DISNEY CO	DIS	Consumer Discretionary	Dec 2014	4.84%
NIKE INC CL B	NKE	Consumer Discretionary	May 2011	3.48%
THOR INDS INC	THO	Consumer Discretionary	Dec 2013	2.30%
V F CORP	VFC	Consumer Discretionary	May 2013	2.04%
ANHEUSER-BUSCH INBEV SPN ADR	BUD	Consumer Staples	May 2014	3.70%
THE HERSHEY COMPANY	HSY	Consumer Staples	May 2013	1.51%
PEPSICO INC	PEP	Consumer Staples	Dec 2011	1.51%
REYNOLDS AMERICAN INC	RAI	Consumer Staples	Dec 2014	5.75%
TYSON FOODS INC CL A DEL	TSN	Consumer Staples	May 2016	2.16%
DIAMONDBACK ENERGY INC	FANG	Energy	May 2014	6.70%
AMERICAN TOWER CORP	AMT	Telecom (Financials)	May 2011	1.24%
M & T BANK CORPORATION COM	MTB	Financials	Dec 2012	4.20%
WELLS FARGO & CO	WFC	Financials	May 2016	2.11%
ASSURED GUARANTY LTD USD 1.0	AGO	Financials	Dec 2015	3.42%
ABBOTT LABS	ABT	Health Care	May 2013	2.03%
EMERGENT BIOSOLUTIONS INC	EBS	Health Care	Dec 2015	3.49%
GILEAD SCIENCES INC	GILD	Health Care	May 2014	4.30%
HEALTH CARE SELECT SECTOR	XLV	Health Care	May 2016	5.07%
AIRBUS GROUP NV - UNSP ADR	EADSY	Industrials	Dec 2015	2.67%
ROPER TECHNOLOGIES INC	ROP	Industrials	May 2016	3.74%
SNAP ON INC	SNA	Industrials	May 2016	1.89%
UNION PACIFIC CORP	UNP	Industrials	May 2014	1.97%
CORNING INC	GLW	Information Technology	May 2011	5.96%
FACEBOOK INC	FB	Information Technology	May 2016	2.96%
PALO ALTO NETWORKS INC	PANW	Information Technology	Dec 2014	6.12%
PAYCOM SOFTWARE INC	PAYC	Information Technology	Dec 2015	3.18%
VISA INC-CLASS A SHRS	V	Information Technology	May 2015	5.21%
LYONDELLBASELL INDU-CL A	LYB	Materials	May 2014	4.26%
AQUA AMERICA INC	WTR	Utilities	Dec 2015	2.04%

Figure 8 – Greystone Equity Fund holdings

Fund Performance

While the ultimate purpose of The Greystone Equity Fund is to serve as a vehicle through which students can learn to perform research and to make decisions, we do nevertheless compare the performance of the Fund to that of the S&P 500, its benchmark.

Market Volatility

The performance of the S&P 500 was disappointing in the twelve months through May 2016, with a negative price return for the year and a total return of less than 2%. This weakness was in large part due to the decline in oil driving energy stocks lower, and a resulting decline in capital spending. This was reflected in significant swings in the VIX, a measure of S&P 500 volatility, although it remains quite subdued. Investors pay attention to the VIX, often referred to as the "fear index", with spikes considered to be indicative of a broad equity market contraction. Currently the VIX remains low, suggesting that a significant market correction in the near-term is not anticipated by investors, although geopolitical shocks could have a dramatic effect on volatility.

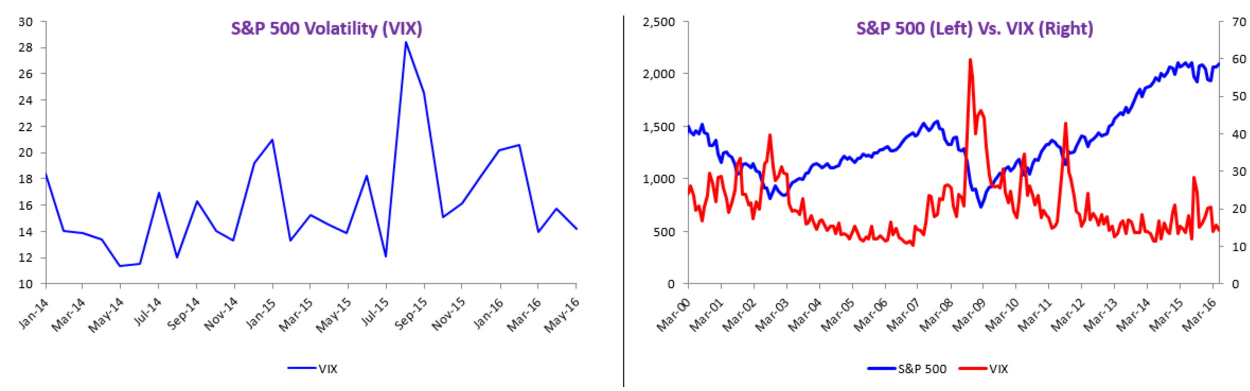


FIGURE 9 – S&P 500 INDEX VOLATILITY

Asset Allocation

In 2015/2016 there was a flight to quality, with large-capitalization stocks performing better than technology stocks, and significantly better than small-caps. Figure 10 shows the relative performance of the S&P 500 large-cap index, the Nasdaq Composite index of technology stocks, and the Russell 2000 index, the 2000 smallest of the 3000 largest US stocks. A portfolio that consisted predominantly of non-S&P 500 stocks was, therefore, likely to under-perform.

FIGURE 10 – PRICE RETURN BY INDEX

Portfolio Return 2015-2016

This most recent twelve months, from June 2015 through May 2016, has been a challenging year for The Greystone Equity Fund relative to the S&P 500, as shown in Figure 11.

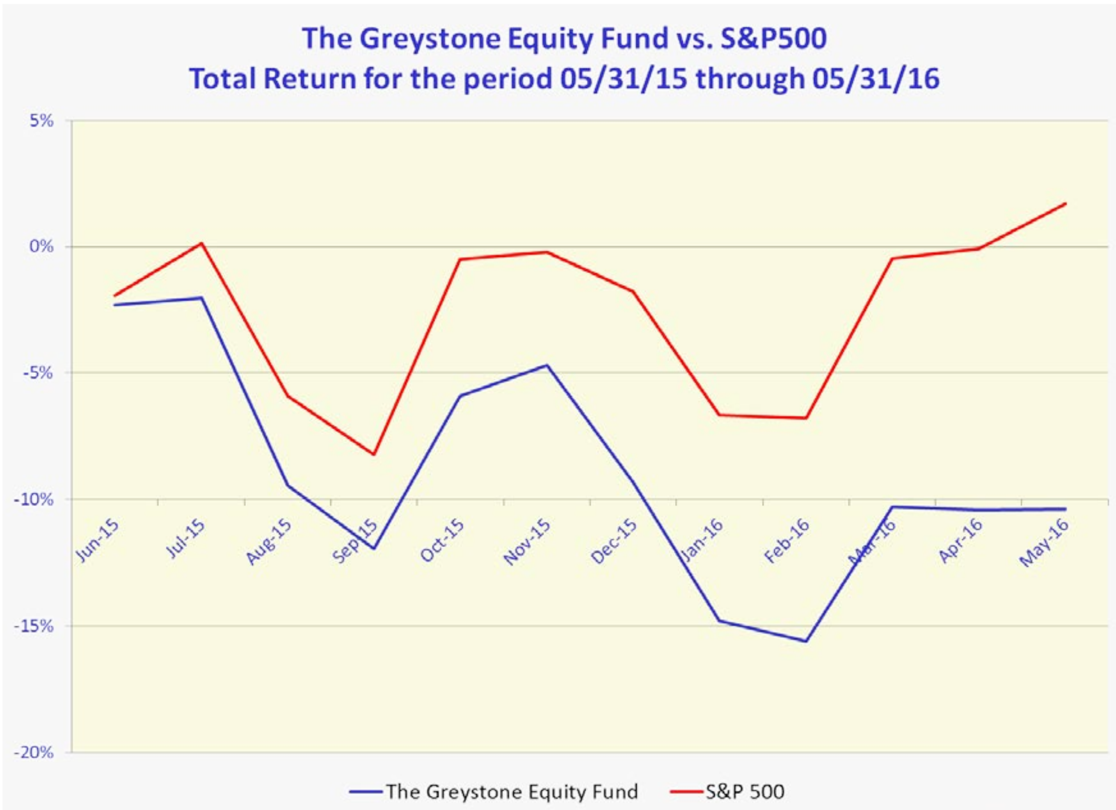


FIGURE 11 - PORTFOLIO RETURN FROM 05/31/15 – 05/31/16

Suppressed energy prices were a significant drag on the portfolio, as was the performance of Micron. Because student managers join the Fund with no experience, it takes them time to educate themselves on the portfolio. As a result, they rebalanced the portfolio just twice, in December and in May, and weren't prepared to make rebalancing decisions earlier in their semester.

We anticipate that new students joining the Fund will, through their participation in Marist's Student Investment Club, be familiar with the portfolio and stock valuation prior to joining the class, so that future classes will be able to rebalance the portfolio more frequently, and respond proactively to market moves.

Holdings Analysis

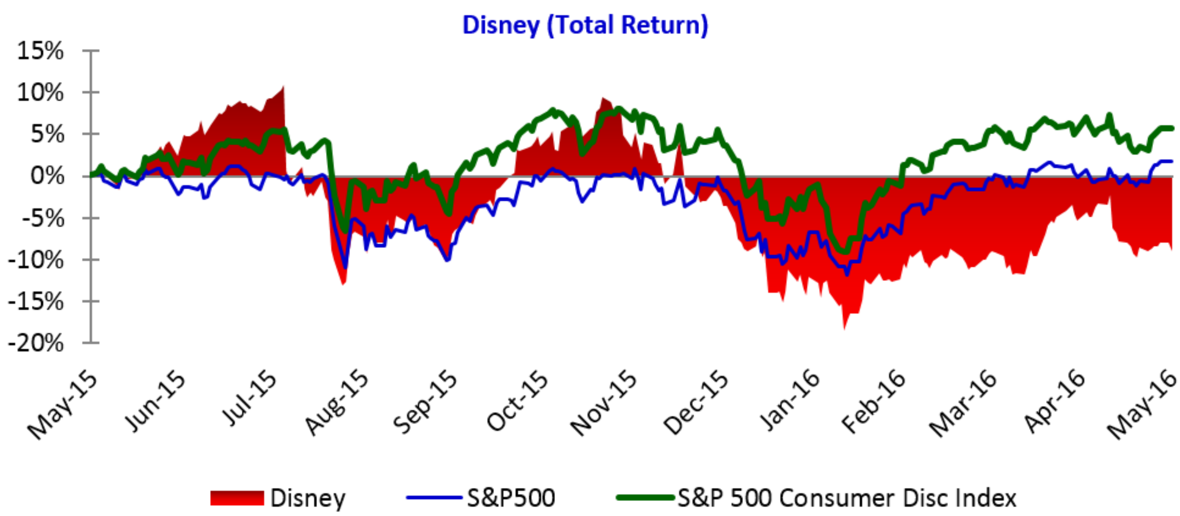
Consumer Discretionary

The Consumer Discretionary sector consists of companies that sell nonessential goods and services. This sector is cyclical in nature, meaning that it performs well when the economy is expanding but tends to perform poorly when the economy is contracting. Therefore, economic indicators play a key role in determining how the sector will perform. The consumer discretionary sector can be further broken down into multiple sub-sectors including: Consumer Services, Retailing, Media, Automobiles & Components, and Consumer Durables & Apparel. The weight of this sector in the Fund portfolio is currently 12.66%, resulting in its being ranked the fourth largest.

The Walt Disney Company (DIS)

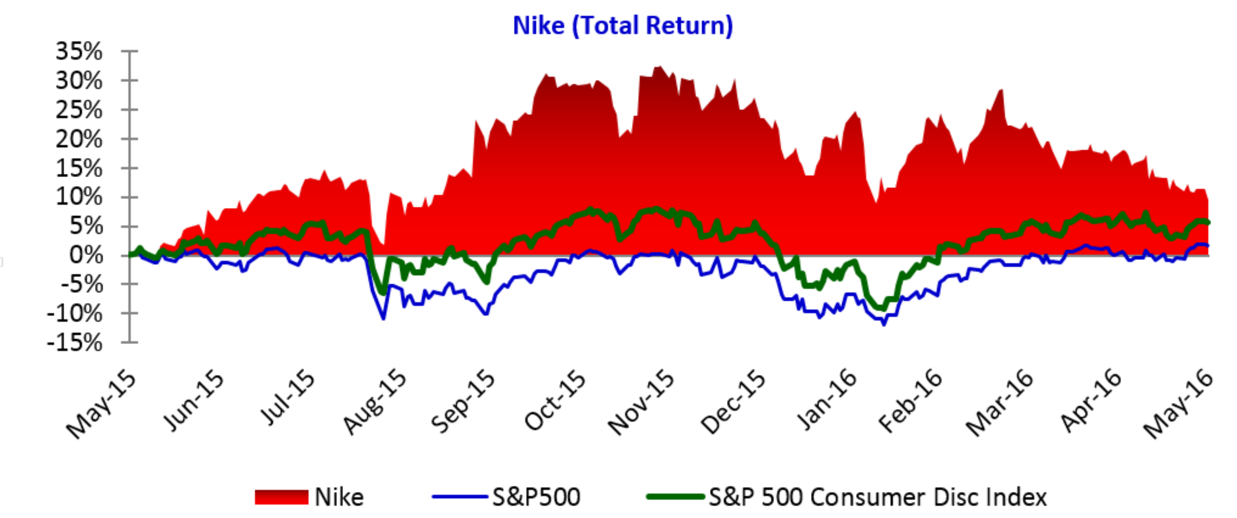
The Walt Disney Company is an entertainment company with a market capitalization of $155 billion. It has operations in media networks, studio entertainment, theme parks and resorts, consumer products, and interactive media. Disney produces motion pictures, television programs, and musical recordings, as well as books and magazines. The Greystone Equity Fund purchased 74 shares of Disney on December 26, 2014 at a price of $93.73 per share.

For the 2015 fiscal year, ending on October 3rd, 2015, revenue grew from $48.813 billion to $52.465 billion, an increase of 7.48%, while net income grew 11.75%. Disney has underperformed both the S&P 500 and the S&P 500 Consumer Discretionary Index in the last year, largely due to concerns over cord-cutting. Despite these concerns, we remain bullish on the stock, expecting that Disney's acquisition of LucasFilm will be more profitable than anticipated by investors.



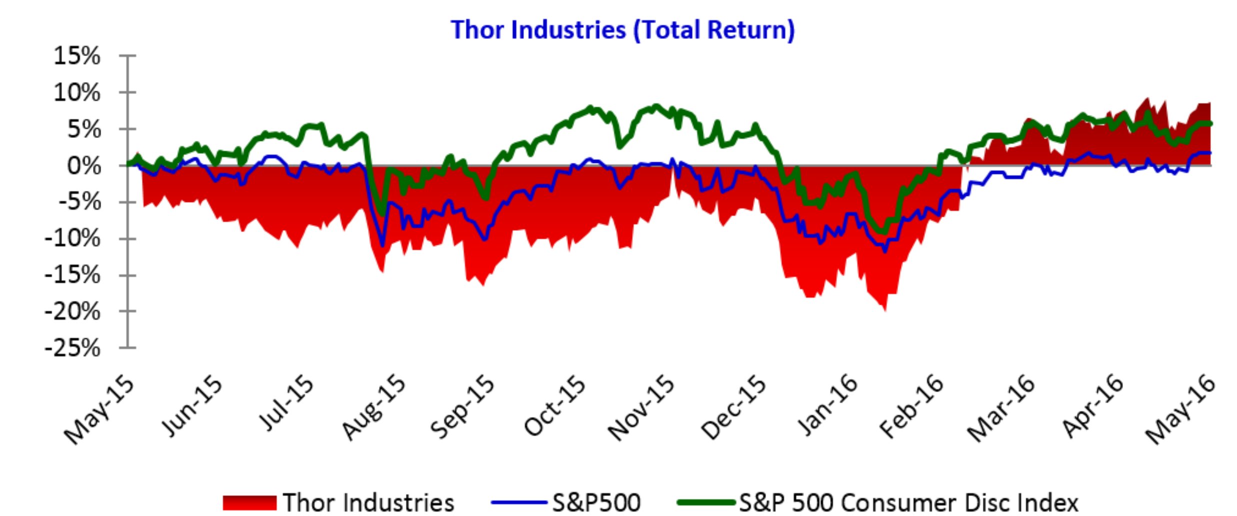
Nike, Inc. (NKE)

Nike, Inc., a multinational company, is one of the leading athletic brands for footwear, apparel, and accessories. With a market capitalization of $92 billion, Nike's diversified products and large, worldwide customer base allows the firm to continue to grow. Since the fund's initial investment in May of 2011, Nike has experienced consistent growth, as the firm has increased its overall revenues, gross profit, net income, and its dividend per share. Although previous classes have reduced the Fund's allocation to Nike, this year's class has decided to maintain its current position in Nike, Inc.



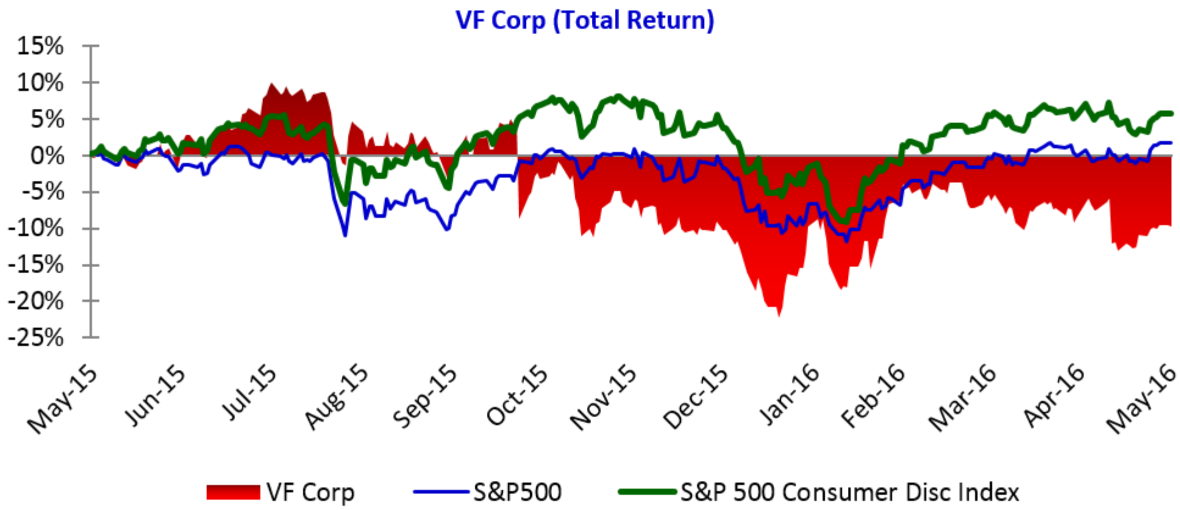
THOR Industries (THO)

Thor Industries operates in the recreational vehicles industry within the consumer discretionary sector. The company produces and sells a variety of recreation vehicles, as well as small to mid-sized buses. Thor markets its products through a network of independent dealers located throughout the U.S. and Canada. The firm's products are sold under brands such as Airstream Classic, Dutchman, Skamper, Infinity, Four Winds, Citation, and Signature. Thor's market capitalization is $3.97 billion, comparable to competitors such as Polaris Industries and Paccar Inc. It has an estimated P/E of 15.7 with an estimated EPS of $4.70. The Greystone Fund purchased 113 shares at $53.46 on December 12, 2013. Since then, the Fund has seen a 15.6% annual return. The Greystone Fund analysts rate Thor a hold, and have an optimistic outlook for the company.



VF Corporation (VFC)

VFC offers many different types of apparel, accessories, shoes, and sports/outdoor equipment, with many very well-known brands, including MLB, NFL, and Eagle Creek, and other popular brands such as The North Face, Vans, Timberlands, Jansport, Reef, and Lee Brands. Due to the broad array of product offerings, the company can cater to the many different needs of its customers, whether it be for outdoor activities, athletic purposes, back to school shopping for new shoes and backpacks, and much more. This contributed much success to the company. We entered into our position in VF Corporation in May 2013, when the analysts of that semester chose to add 30 shares of the stock at $183.16 per share.



Our current holding of VF Corporation is a portfolio weight of 2.04%.

Consumer Staples

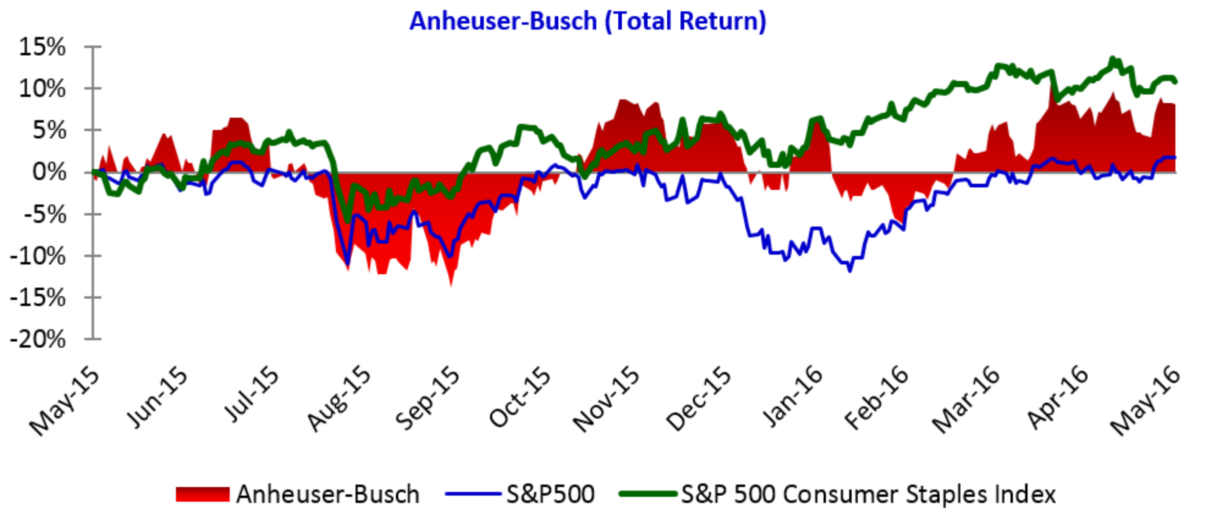
The consumer staples sector consists of companies that provide essential goods and services. It is the fifth largest sector in the S&P 500, as of May, 2016, with a weight of 10.1%. This sector includes those items and service offerings that individuals cannot live without, and for this reason the companies within this sector are not typically impacted by changes in macroeconomic conditions. The sub-sectors that fall under consumer staples include: Food & Beverage, Tobacco, Household Products, and Personal Goods.

Anheuser-Busch InBev (BUD)

Anheuser-Busch InBev is one of world's largest brewers. Based in Belgium, the company operates in the Americas, Europe and the Asia Pacific region. It has over 200 brands, which include Budweiser, Stella Artois, Beck's and Leffe, and operates in eight business segments, viz: North America, Latin America North, Western Europe, Asia Pacific, Latin America South, Mexico, Global Export and Holding Companies and Central and Eastern Europe. The company has a market cap of $198 billion.

After closing its acquisition of SABMiller, BUD is now looking to sell Peroni and Grolsch, previously owned by SABMiller to Japan's Asahi Group Holdings. The Fund has decided to decrease the holding of

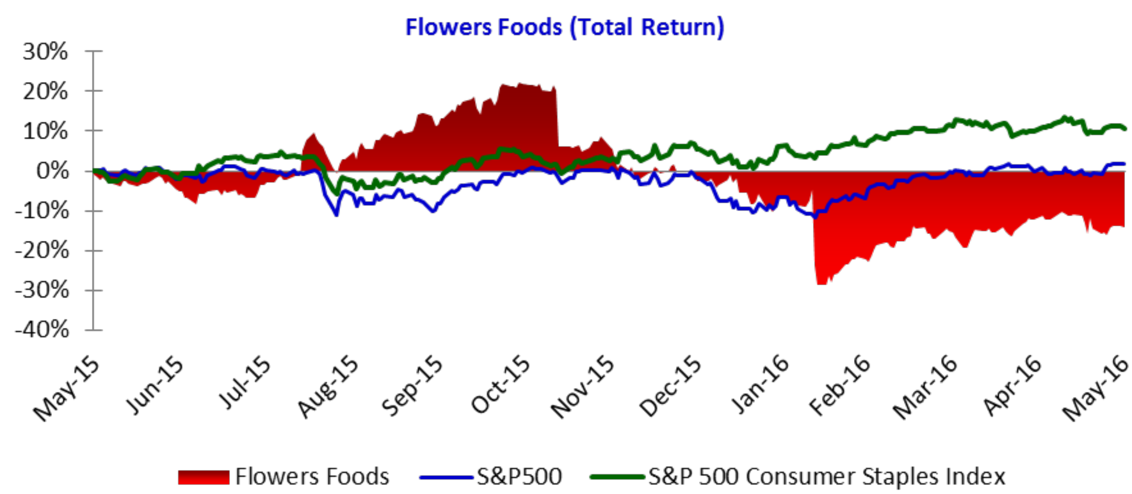
BUD by 1% with the recent pressure the consumer staples sector has been faced with bringing Anheuser-Busch InBev 3.64% of the portfolio



Anheuser-Busch has generated an 8% return over the past year, compared to 10.67% for the S5CONS sector index and 1.69% for the S&P500 index. The Fund originally purchased 72 shares of BUD on May 19th of 2014, at a price of $109.95. Due to the non-cyclical nature of the consumer staples sector, as well as the excellent performance from Anheuser-Busch recently, a well-established company in a stable industry, Fund analysts rate it a hold.

Flower Foods (FLO)

Flower Foods Inc. is a producer and marketer of bakery products throughout the United States. It operates through two segments, the Direct-Store-Delivery (DSD) and Warehouse Delivery. Both operations combined operates a total of 49 bakeries country-wide. Flower Foods markets its product under brand names such as; Mrs. Freshleys, European Bakers, Broad Street Barkery, and Alpine Valley Bread Company.

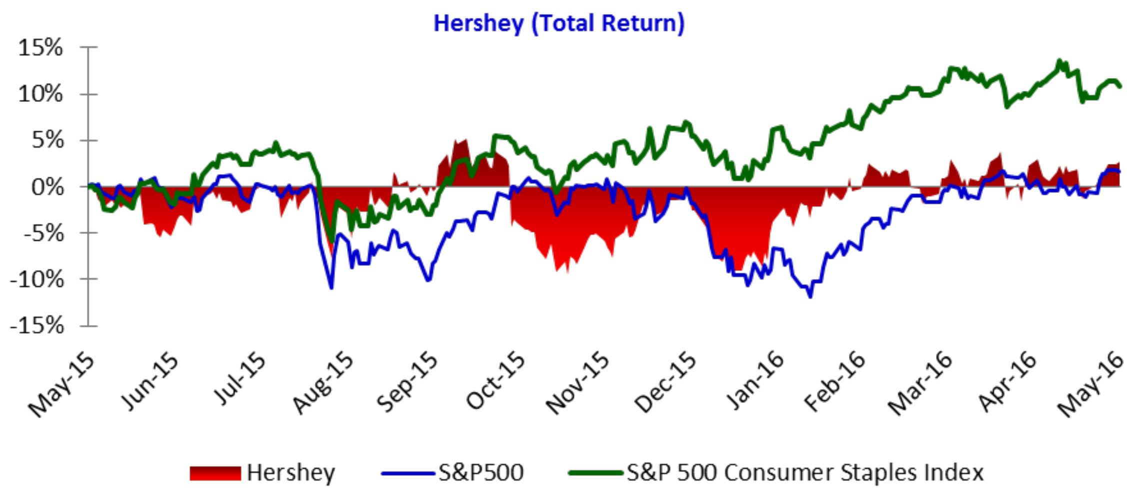


With poor stock price performance, low dividend payout, and no positive outlook for a productive future, the Fund has decided to divest the 0.76% it had in Flower Foods in Spring of 2016.

The Hershey Company (HSY)

The Hershey Company was founded in 1894, and manufactures and sells chocolate and sugar confectionary products, as well as additional shelf items such as syrups, toppings, and baking powder. The company also offers beverages and mint/gum products. Some of the company's most well-known brands are Reese's, Kit-Kat, Jolly Rancher, and Ice Breakers. The Hershey Company operates in North America as well as internationally, with business conducted in over 90 countries worldwide.

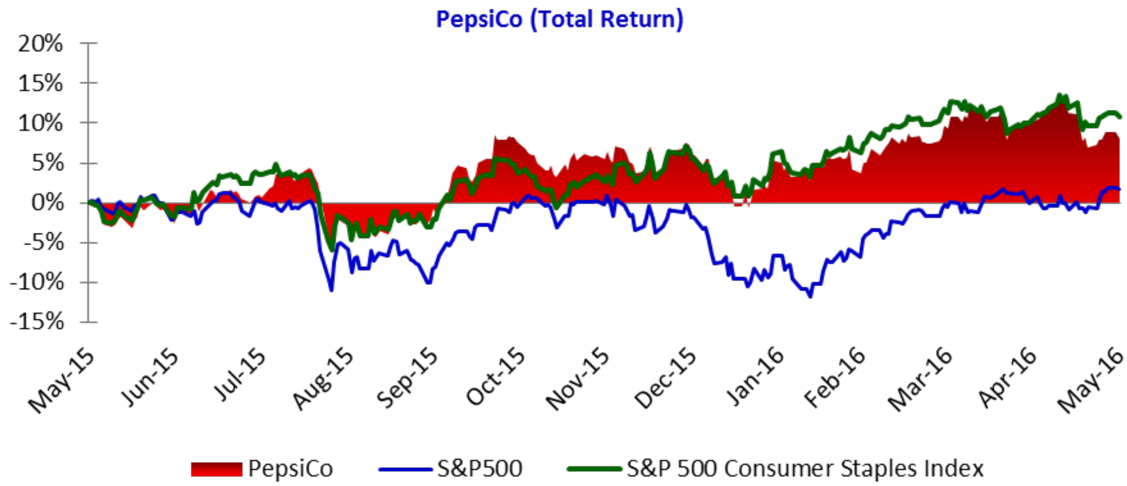
The Greystone Fund purchased 62 shares of The Hershey Company in May of 2013, at a price of $88.87. While Hershey is a large company with a very recognizable brand name and a history of providing returns to shareholders, the Fund decided to reduce the Hershey holding due to the short-term commodity and other pressures in the sector, and the purchase of Tyson in the spring semester 2016.



PepsiCo Inc. (PEP)

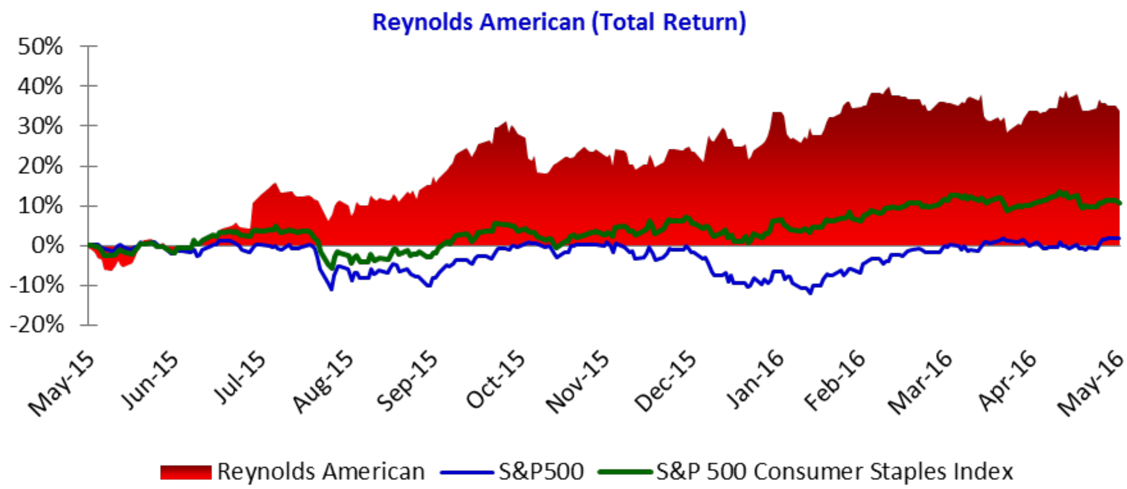
PepsiCo Inc. is a global food and beverage company that obtains most of its revenue from overseas. Not only does the firm provide soft drinks to consumers but they are a growing snack company as well owning well-known brands such as Lays potato chips, Doritos, and Fritos.

The Fund's current holding in PepsiCo is a 1.5% allocation. We still believe PepsiCo to be a strong company, as evidenced by its strong divided history. The firm recently announced this year its 44th consecutive dividend increase to $3 per share, a yield of 2.65%.



Reynolds American Inc. (RAI)

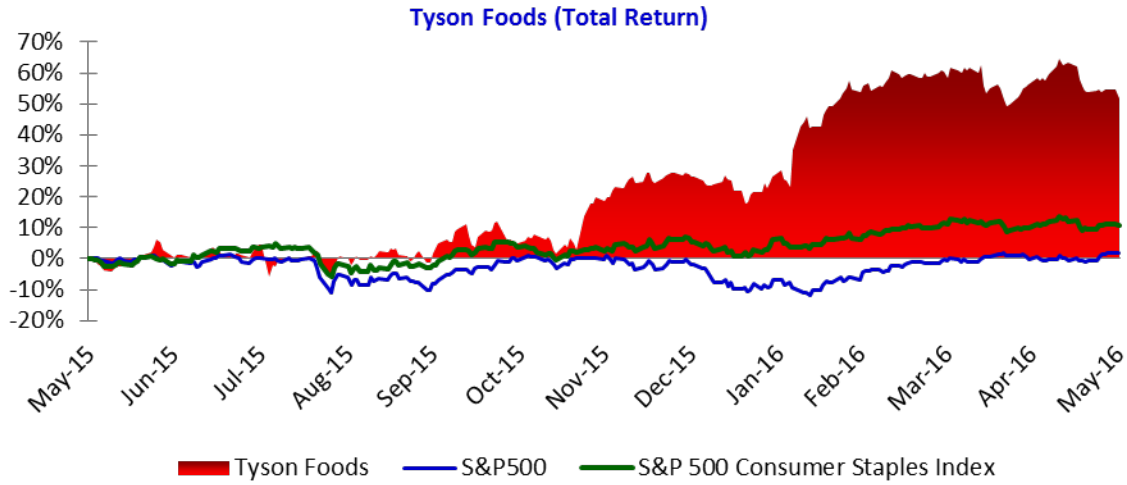
Reynolds American Inc. is an American tobacco company that operates in the consumer staples sector. The primary sources of its revenue are the distribution of cigarettes and other tobacco products. The Fund purchased 74 shares of RAI in Dec 2013 for $65.18. Over the past year RAI had a return of 33.55% compared to the S&P's 1.69%. Given this excellent relative performance, and the fact that Reynolds pays



an annual dividend of $1.84 per share, Fund analysts were happy to maintain the holding.

Tyson Foods Inc. (TSN)

Tyson Foods is a market leading food Company that operates in North America. Founded in 1935 Tyson Foods has expanded and acquired many leading brands such as Jimmy Dean, Hillshire Farm, Sara Lee, Ball Park, Wright, Aidells and State Fair. These brands have propelled Tyson Foods into a market leading position in chicken, beef, pork and prepared foods. Tyson owns and operates a fully vertical chicken production process. This consists of breeding, growing, processing, marketing and transportation chicken and related products through their wholly-owned subsidiaries. They also process live feed cattle and hogs as well as value added from side products such as hides and lower quality meat to be sold for further processing. Tyson produces a wide range of fresh frozen and refrigerated food products. They are exposed to some seasonality as products such as hotdogs and sausage generally increase during the spring and summer seasons. The position was initiated in May 2016.



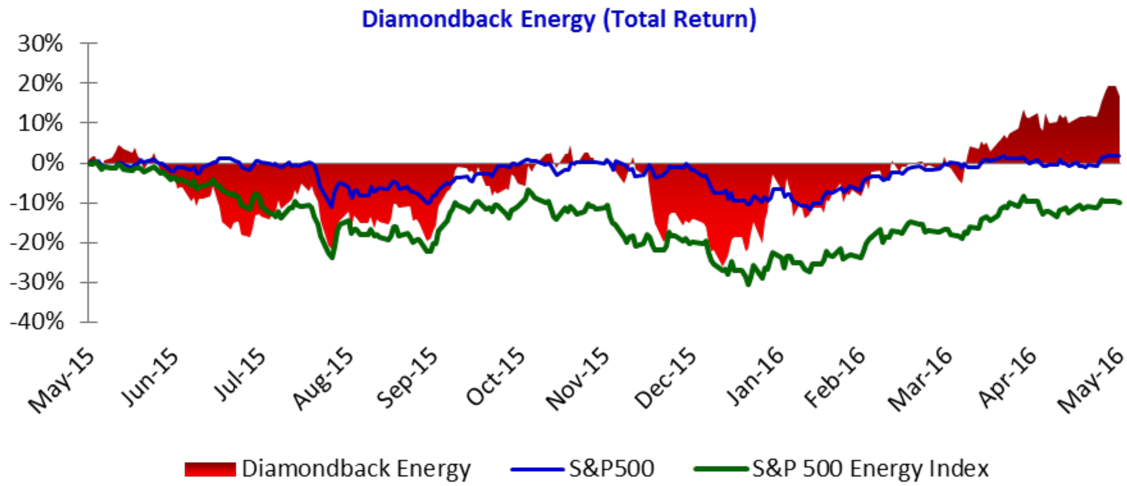
Energy

The Energy sector is comprised of companies that are in the business of exploring for, producing, developing, refining, marketing, and/or selling energy. The energy sector has a 6.9% weight in the S&P 500. The Greystone Fund has weighted the sector with an allocation of 6.7% due to its recent underperformance. However, given that oil is a commodity that is necessary to support the standard of living in the global community, the Fund believes that demand will not disappear and that prices will revert to a $65 to $70 range.

Diamondback Energy Inc (FANG)

Diamondback Energy Inc. is an independent oil and natural gas company currently focused on the acquisition, development, exploration, and exploitation of unconventional onshore and natural gas reserves in the Permian Basin in West Texas. The primary activities of the company are focused on the Clearfork, Sparberry, Wolfcamp, Cline, Strawn, and Atoka formations. Diamondback's current growth strategy includes growing production and reserves by developing their current oil-rich resource base, focusing on increasing hydrocarbon recovery through horizontal drilling and increased well density, as well as pursuing strategic acquisitions with oil resource potential.

The company has recently announced that it will acquire 11,948 net acres in Permian Basin's Midland Basin for $437.8 million. This could prove to be one of the company's more profitable investments as it has had success in nearby basins. Fund analysts continue to believe that the outlook for Diamondback Energy remains positive as oil prices are beginning to recover from their low of approximately $26 per barrel. Diamondback appears to be well positioned to remain profitable as the company has increased operating efficiencies through recalibrating their service costs.

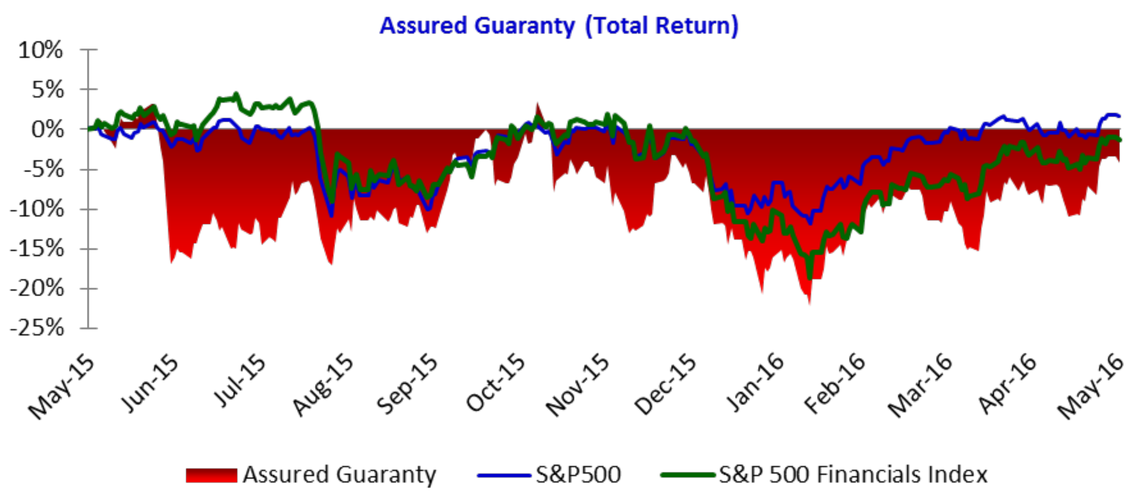


Financials

The financial sector is divided into six categories; asset management, banking, institutional financial services, insurance, real estate/REIT, and specialty finance. It is the second largest in the S&P500, comprising 15.78% of the overall index. Financial firms generally provide financial services to retail and commercial clients, and the sector performs best in low interest rate environments due to the nature of the business the companies within the sector conduct. Current speculation as to the rise of interest rates in the U.S. economy leads to some uncertainty for the sector going forward.

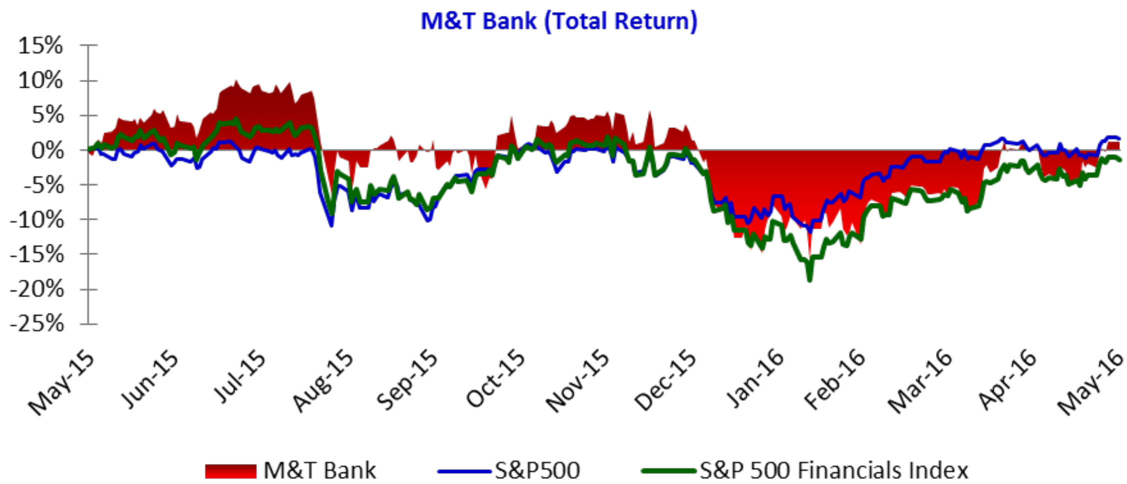
Assured Guaranty (AGO)

Assured Guaranty Ltd, is a holding company incorporated in 2003 based in Bermuda. The company, through its operating subsidiaries, insures and reinsures U.S. municipal bonds, domestic and international infrastructure bonds, and structured finance obligations. AGO guarantees timely principal and interest payments to bondholders in case of default by the issuer. This position was initiated in December 2015.



M&T Bank (MTB)

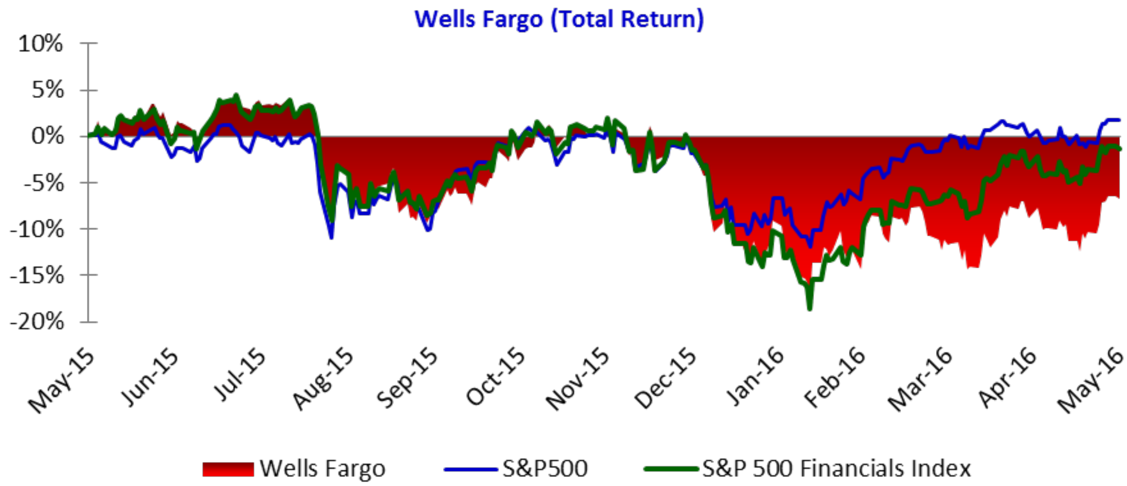
M&T Bank is a bank holding company that offers a variety of commercial banking, trust and investment services to its customers. Its footprint covers the northeast of the United States, operating branches in New York, Pennsylvania, Delaware, New Jersey, Virginia, West Virginia and the District of Columbia.



Its dividends, consistent stock buybacks and conservative culture have led Fund analysts to believe that M&T Bank has the potential to continue to produce attractive returns, and so the Fund maintains a 4.2% allocation.

Wells Fargo (WFC)

Wells Fargo (WFC) was founded in 1852 and is currently headquartered in San Francisco. WFC is a diversified financial services company that provides banking, insurance, investments, mortgages, leasing, credit cards, and consumer finance. The firm focuses on core domestic retail banking, which generates 54% of total revenue. Wells Fargo is the world's biggest bank by market capitalization ($242 Billion) as of August 2015. Certain elements have made Wells Fargo very attractive to our analyst group. For example, the firm has the biggest loan portfolio of any bank in America. This is even more impressive when considering that their balance sheet is $1.9 trillion when compared to JPMorgan's $2.4 trillion and BOA's $2.2 trillion. The firm also returned $12.6 billion to shareholders in 2015 through common stock dividends, and is expected to grow. Additionally, within Q1 of FY16, the firm beat estimates on revenue of $22.2 billion. We also expect that there will be an increase in interest rates within the coming months, which will further benefit the firm's bottom line.



Health Care

The Healthcare sector consists of businesses that produce, manufacture, research, transport, develop, and market healthcare products, including biotechnological and pharmaceutical devices, equipment and healthcare services. The sector is composed of two main industry sub-sectors, health care equipment & services, and pharmaceuticals, biotechnology & life sciences. These sub-sectors can be broken down further, with health care equipment & services having three specific categories, health care equipment and supplies, health care technology, and health care providers and services, with the latter including health care distributors, facilities, services, and managed health care.

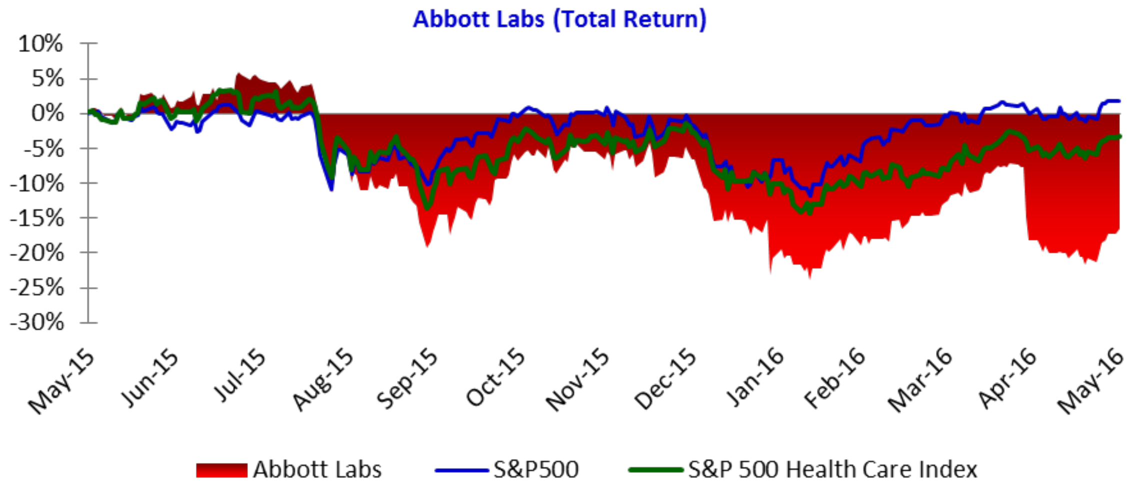
The second sub-sector can also be broken down into three categories, biotechnology, life sciences tools and services, and pharmaceuticals.

The companies within the Healthcare sector that have the largest market capitalization include biotechnology, drug manufacturing, and generic drugs, health care plans, and drug delivery firms.

Abbott Laboratories (ABT)

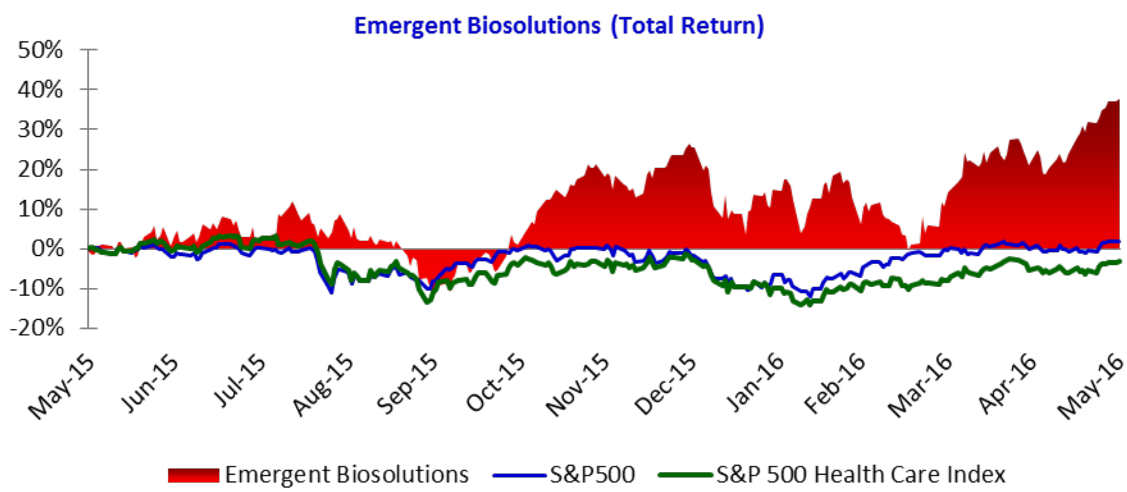
Abbott Laboratories operates in the life science equipment industry of the Healthcare sector, and discovers, develops, manufactures, and sells a broad and diversified line of health care products and services. The firm's products include pharmaceuticals and nutritional, diagnostic, and vascular products which it markets internationally through a network of affiliates and distributers. The firm has a market capitalization of $66 billion, similar to competitors Astra-Zeneca and Eli Lilly & Co, and its largest customers include McKesson Corp, AmerisourceBergen and Cardinal Health.

The Greystone Fund purchased 75 shares in December 2013, in part to provide diversification from its biotechnology holdings. It has performed poorly in the past 12 months, and the Fund allocation was reduced, but analysts maintain an optimistic view.



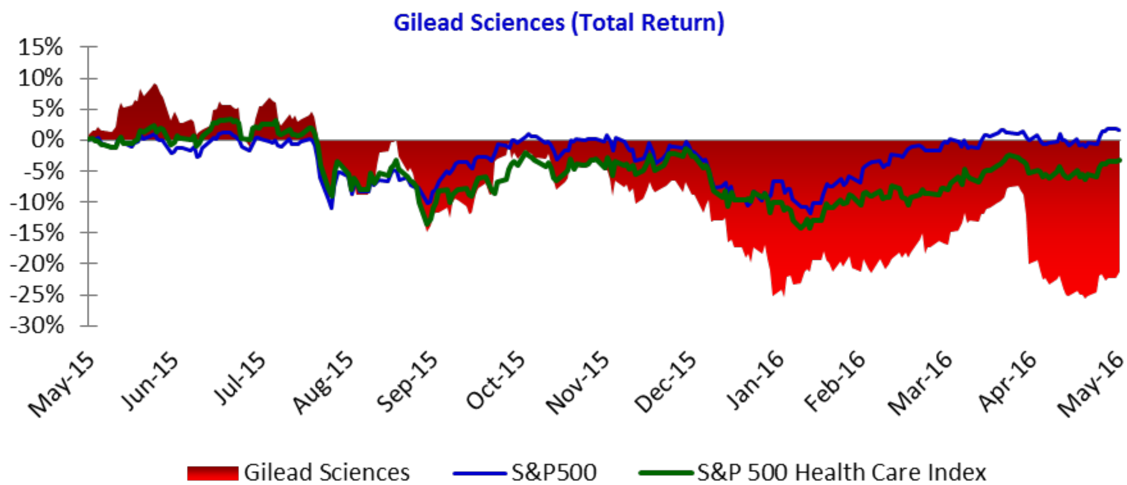
Emergent BioSolutions, Inc. (EBS)

Emergent Biosolutions (EBS), a global specialty pharmaceutical company, focuses in the development, production, and sale of medical products used to aid against biological & chemical threats and emerging infectious diseases. In working toward their mission of "protecting and enhancing life by offering specialized products," Emergent Biosolutions operations in two main divisions: Biodefense and Biosciences, serving the needs of healthcare providers and governments. The position was initiated in December 2015. The fund originally invested because of EBS's potential for finding an Ebola vaccine, but the firm is now attempting to create a cure for the Zika virus which has become a worldwide issue over the last few months.



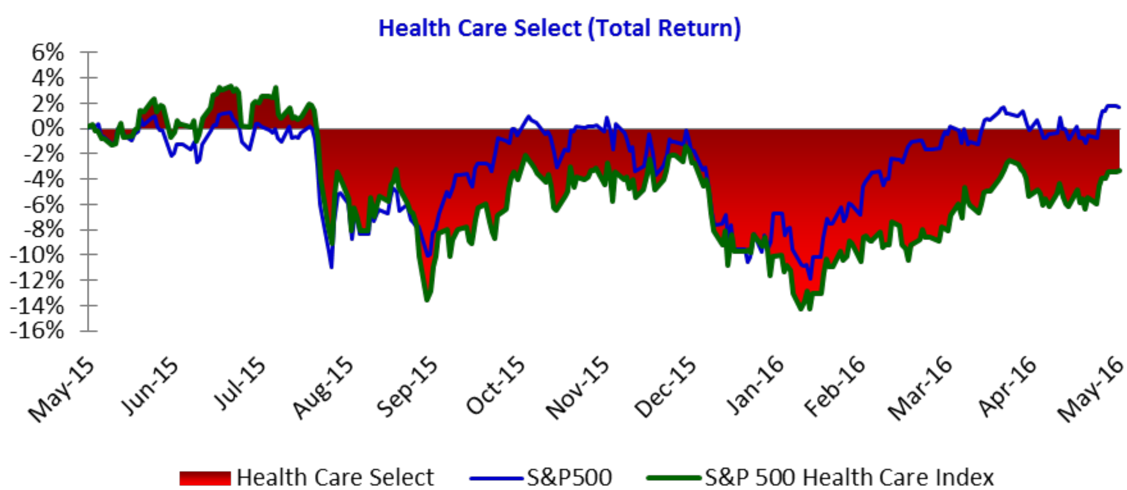
Gilead Sciences Inc. (GILD)

Gilead Sciences Inc., a strong competitor in the biotechnology sub-sector of the HealthCare industry, researches, develops, manufactures, and commercializes a variety of medicines. GILD is one of the largest biopharmaceutical companies in the world, with a market capitalization of $107 billion. The firm provides a variety of products, primarily focusing on treating life-threatening diseases, such as human immunodeficiency virus (HIV), infections in adults, liver disease, and cardiovascular and respiratory diseases. We debated on reducing our holdings in Gilead because they have had major issues with their premiere hepatitis C drug Savaldi, but Gilead has already had a great deal of realized losses and we believe that their pipeline is strong enough to make up any anticipated revenue losses. The fund will reassess the impact of Savaldi in the upcoming semester.



Health Care Select SPDR- XLV (ETF)

Analysts believe that Health Care should have a similar weight to the S&P 500 sector weight. As a result, the Fund has a 5% allocation to the Health Care Select SPDR fund. This ETF has exposure to companies such as Johnson and Johnson, Pfizer, Inc., Merck & Company, Inc., UnitedHealth Group, Bristol-Myers Squibb, Gilead Sciences, Inc., Amgen Inc., Medtronic plc and many others. We decided to reallocate from Abbott to other companies that were not specifically in the Biotechnology industry.



Industrials

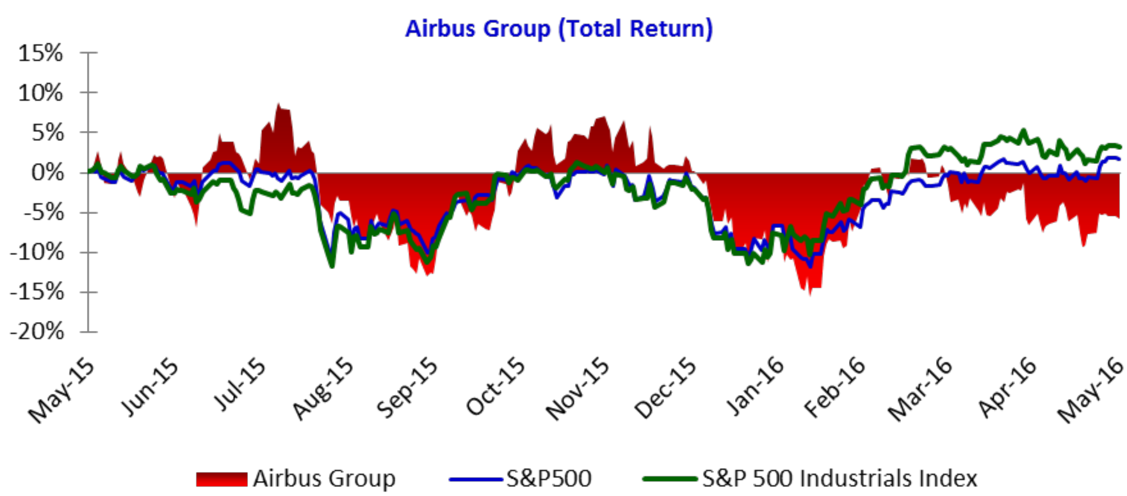
The Industrials sector consists of companies engaged in providing industrial and commercial supplies, distribution operations, and transportation services. This sector is broken down into 19 different industries which include the following: Aerospace, Building Materials and Fixtures, Business Support Services, Business Training and Employment Agencies, Commercial Vehicles and Trucks, Containers and Packaging, Defense, Delivery Services, Diversified Industrials, Electrical Components and Equipment, Electronic Equipment, Financial Administration, Heavy Construction, Industrial Machinery, Industrial Suppliers, Railroads, Transportation Services, Trucking, and Waste and Disposal Services.

The Industrials sector is continuing to shift towards expansion by investing excess cash. The main way that industrial companies are expanding is through increased mergers and acquisitions, with activity increasing over the past few years. Globalization is also changing the industry as international companies are starting to become more competitive. But it is important to be smart when expanding. Supply and demand will be the driver of the industrial stocks. The industrials sector will benefit from new construction projects as well as whenever there is a demand for manufactured products.

Airbus Group - ADR (EADSY)

Founded in 1969, Airbus Group is a French-based firm which manufactures and sells commercial aircraft, civil and defence helicopters, commercial space launch vehicles, as well as various satellites and defence systems. The company operates three main segments: Airbus; Airbus Helicopters; and Airbus Defence and Space. The firm has broad global exposure to the markets across Asia/Pacific, Europe, and the Americas. The position was initiated in December 2015.

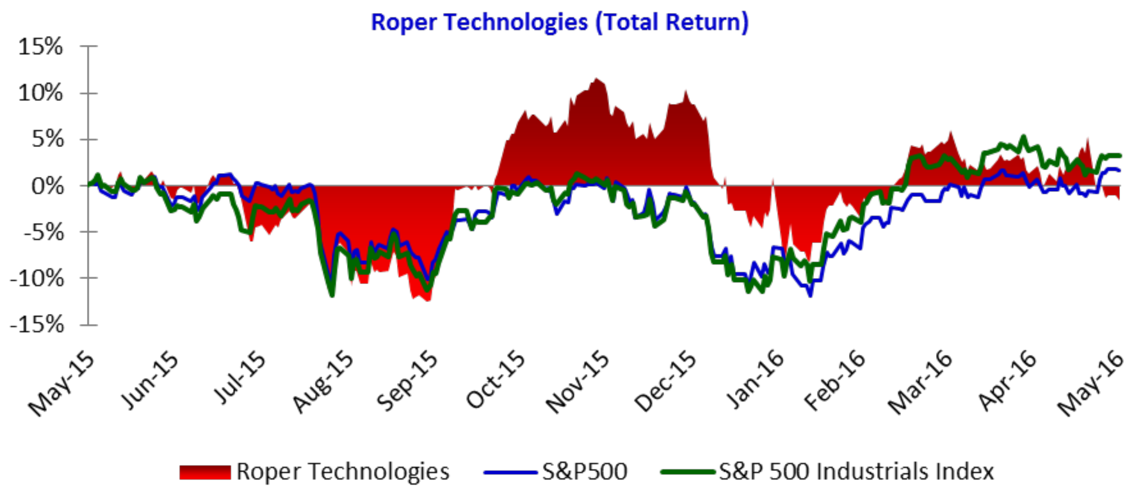
Over the past year Airbus has underperformed the S&P 500 index. The company performed strong at the end of 2015 with a new industry record by delivering 635 aircraft, taking 1,080 orders, and increasing its overall backlog to an industry record of 6,831 aircraft. The firm also became a true global manufacturer by opening a production plant in Mobile, Alabama. This gives airbus production sites in three continents (Europe, Asia, and North America). Airbus is expected maintain its high production levels and continue its expansion strategy. Given its current performance in the market the Fund decided in May 2016 to hold its position on EADSY.



Roper Technologies, Inc. (ROP)

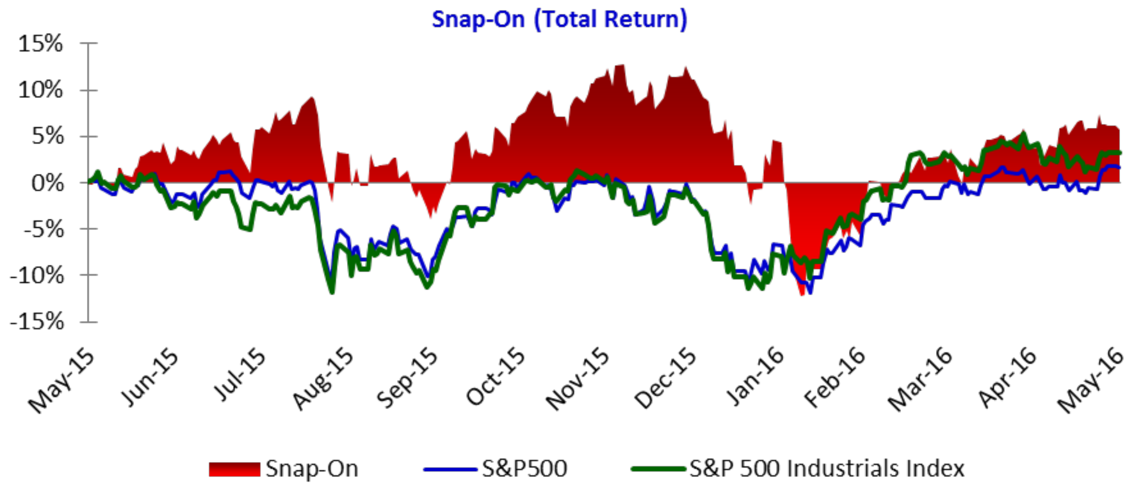
Roper Technologies is a diversified industrials company headquartered in Sarasota, Florida. It specializes in producing engineered products for global niche markets and consists of four main business lines: radio frequency technology, industrial technology, energy systems & controls, and medical & scientific imaging. Radio frequency technology and medical & scientific imaging comprise the largest part of the company's revenue, and are growing sectors. The proliferation of radio frequency technology in global identity and payment systems, as well as a growth prospects in the healthcare sector, have formed a positive outlook on Roper's future growth.

Next year, Roper is expected to become a dividend aristocrat with 25 years of consistent dividends. While only having a 0.68% dividend yield, annual dividend growth has been 22.22% over the past 5 years. The overall market and industrials sector has suffered losses in the past year, but Roper has retained its value and is expected to grow. Based on our analysts' 12-month target price projection, an investment in Roper is expected to yield an 11.98% return this year. The equities fund has allocated 4% of its holdings toward purchasing common stock in Roper Technologies. This position was initiated in May 2016.



Snap-On, Inc. (SNA)

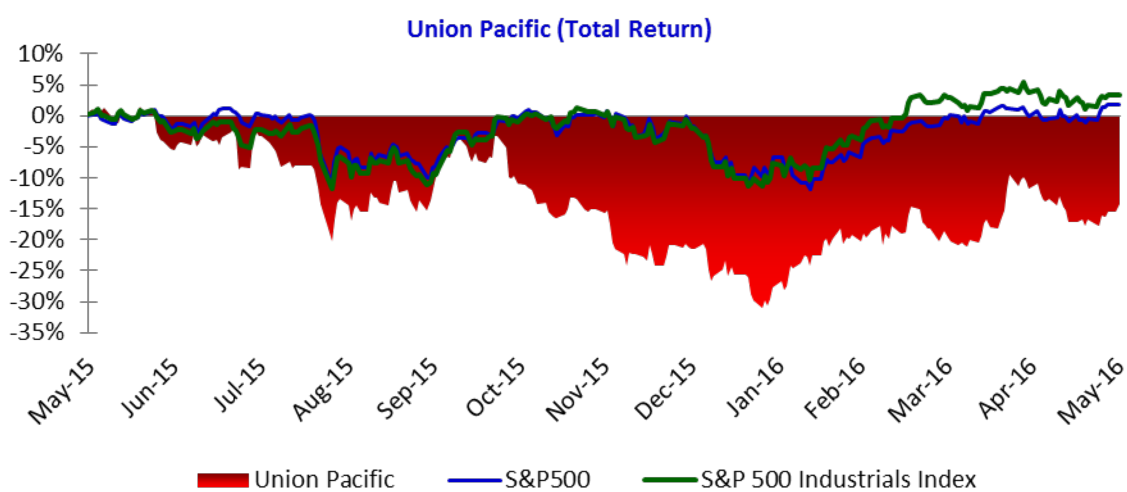
Snap-On Inc. is a well-diversified manufacturer and distributor of tools, diagnostics, equipment, repair information and system solutions for professional users primarily based in the Midwest. The current market cap of the company is $9.50 billion, paying a dividend of $2.44 annually and a yield of 1.50%. The firm currently has a price to earnings ratio (P/E) of 19.4, which increased from last year's P/E of 18.04. Revenues for the firm increased 2.9% from 2014 to 2015. Snap-On recently acquired Ecotechnics, a world leader in the air-conditioning sector, broadening Snap-On's services and providing a new source of revenue for the firm. The future outlook for Snap-On, Inc. is profitable and is expected to outperform the consumer discretionary index in total returns.



Union Pacific Corporation (UNP)

United Pacific Corporation, through its subsidiary, Union Pacific Railroad Company, provides rail transportation services in the United States for agricultural products, including grains, food, and beverage products, for automotive products, including imported and exported shipments, finished vehicles, and automotive parts, and for chemicals, including industrial chemicals, plastics, crude oil, liquid petroleum gases, and fertilizers, as well as construction products and other miscellaneous products. The firm transports intermodal import and export containers and trailers.

The company's equity has a current dividend yield of 2.6%. However, a decline in demand for freight rail transport has hurt Union Pacific's profitability and investors. In the past year, while the S&P 500 index as only decline by 3.59% in value, Union Pacific stock has dropped by 22.02%. The continued low demand for freight transport and Union Pacific's unused rail capacity is expected to result in another challenging year for the company. As a result, the equity fund has reduced its exposure to Union Pacific. After a partial divestment, the equity fund will have 2% of its assets invested in this firm.



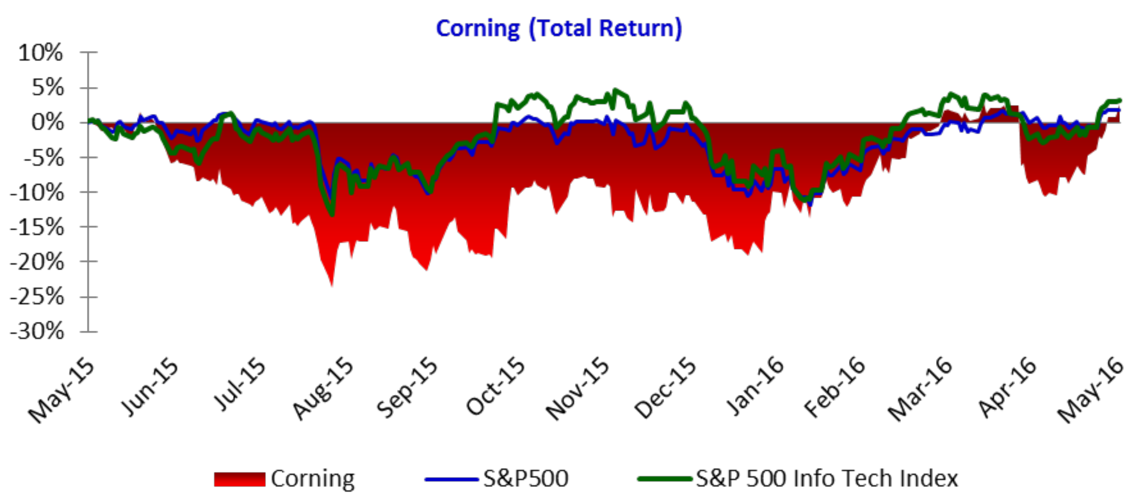
Information Technology

The information technology sector consists of three major industries. Software and Services includes companies that develop software in different fields such as the Internet, applications, systems, databases management and home entertainment. Hardware and Equipment includes manufacturers and distributers of communication equipment, computers, and other electronic equipment. Semiconductor and Semiconductor Equipment Manufacturers make up the third insustry.

Greystone Equity Fund analysts are bullish on the sector, and advocate an overweight position due to trends that they have identified. The demand for phone memory chips is increasing because of the increased demand for and the increasing capabilities of smart phones. The computer industry is continuing to transition from desktop computers to tablets and other mobile devices. The information technology sector is being of reshaped, with the increased need for cloud computing and big data driving constant new innovations. Fund analysts note, however, that the sector in general, and startups in particular, are relatively risky, with many of the firms having volatile stock prices.

Corning Inc. (GLW)

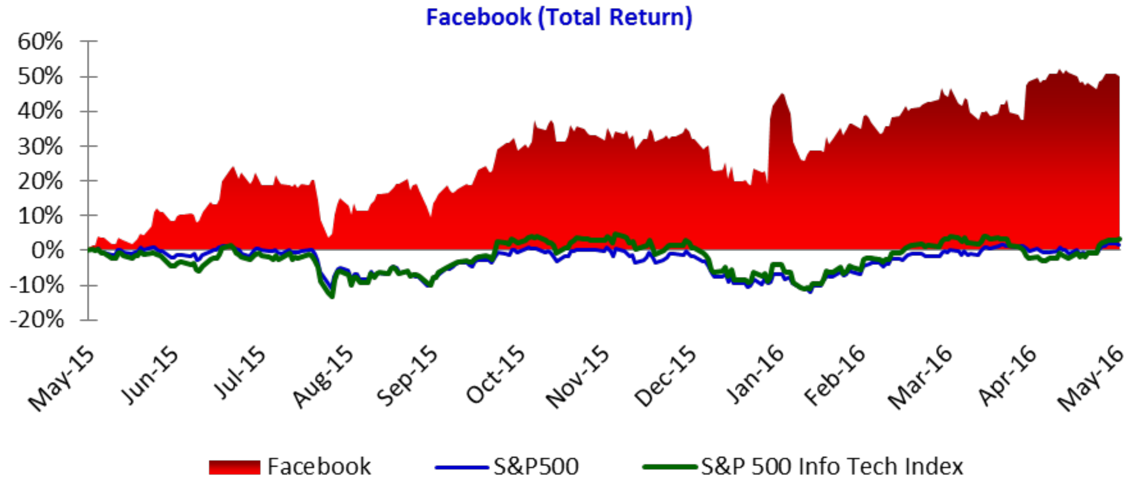
Corning Inc. is an American manufacturing company founded in 1851 that develops optical fiber, cable, photonic products, and specialty glass at 90 plants in 17 different countries. Corning currently operates in five key segments: Environmental technologies, optical communications, life sciences, specialty materials, and display technologies. Corning is best known for its Gorilla Glass product, which is a scratch resistant glass for smart phones made by LG, Samsung, Motorola, etc.



With multiple contracts to produce glass for some of the major cell phone providers and the growing demand for smart phones, and a recent partnership to manufacture windshield and sunroof glass for BMW automobiles, Fund analysts have a positive outlook for Corning going forward.

Facebook, Inc. (FB)

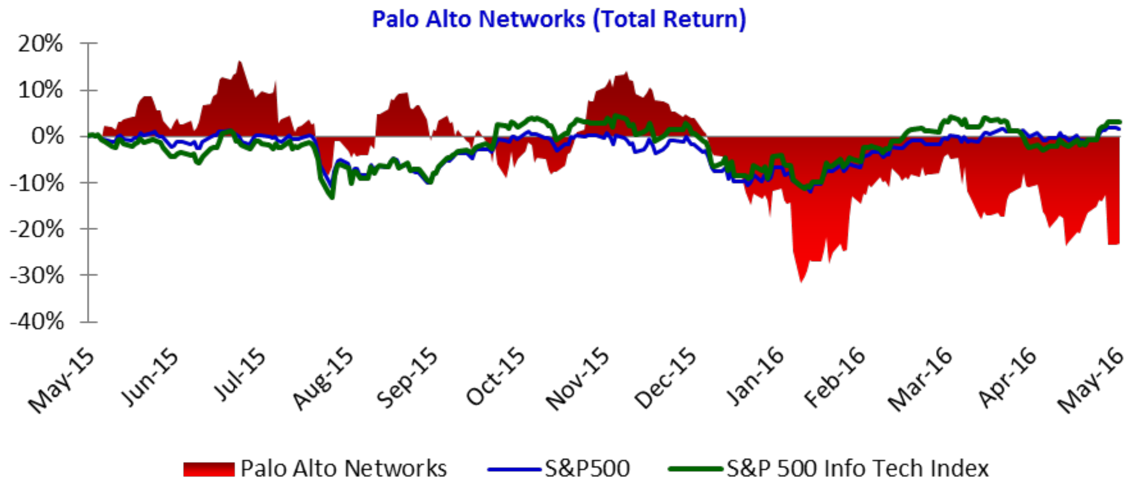
Facebook Inc. operates a social networking website. The company's website allows people to communicate with their family, friends, and coworkers. Facebook develops technology that facilitates the sharing of information, photographs, website links, and videos. As of December 2015, Facebook reported over 1 billion users a day. Facebook, Inc. was founded in 2004 and is headquartered in Menlo Park, California. This position was initiated in May 2016.



Palo Alto Networks, Inc. (PANW)

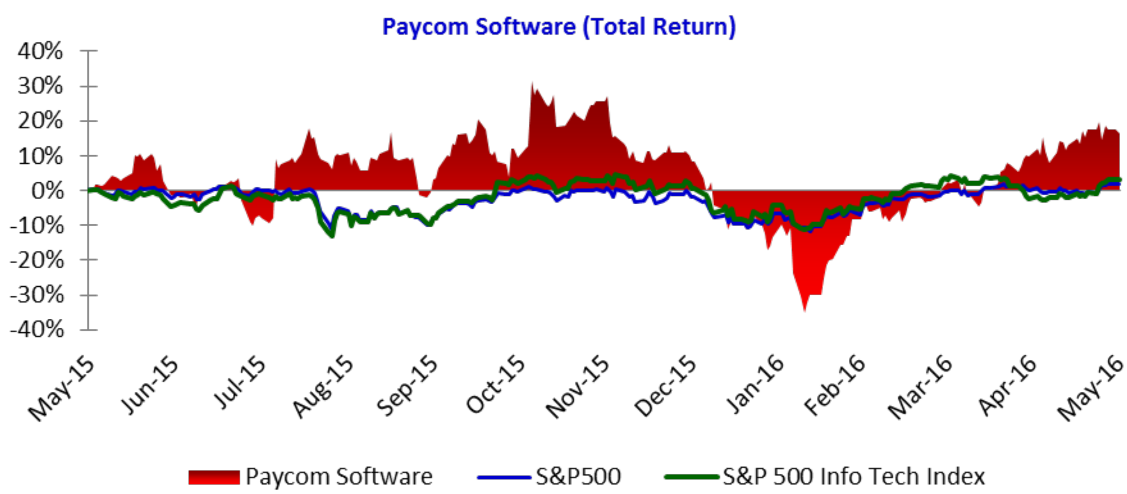
Palo Alto Networks is one of the leading providers of enterprise security platform to service providers and worldwide government entities. Their platforms include the Next-Generation Firewall that delivers application content and visibility control as well as protecting against network based cyber threats,and the Threat Intelligence Cloud that offers central intelligence capabilities as well as automated delivery of preventive measures against cyber-attacks. Palo Alto typically sells its products and services through channel partners as well as directly to customers operating in the following industries: education, energy, financial services, government entities, healthcare, Internet and media, manufacturing, public sector, and telecommunications.

There is a consistent movement throughout all the different sectors of business emphasizing the need for cybersecurity because of increased cyber-attacks. Palo Alto has also been receiving money from different government agencies to continue to invest back into the business. A real fear for every company and government nowadays is the risk that their information systems could possibly be hacked at any moment. Palo Alto Networks, as one of the leaders in the Firewall industry, is positioned to see the benefits of the cybersecurity movement firsthand and the upside is likely to be large. Palo Alto Networks was purchased by the fund in mid-December 2014.



Paycom Software, Inc (PAYC)

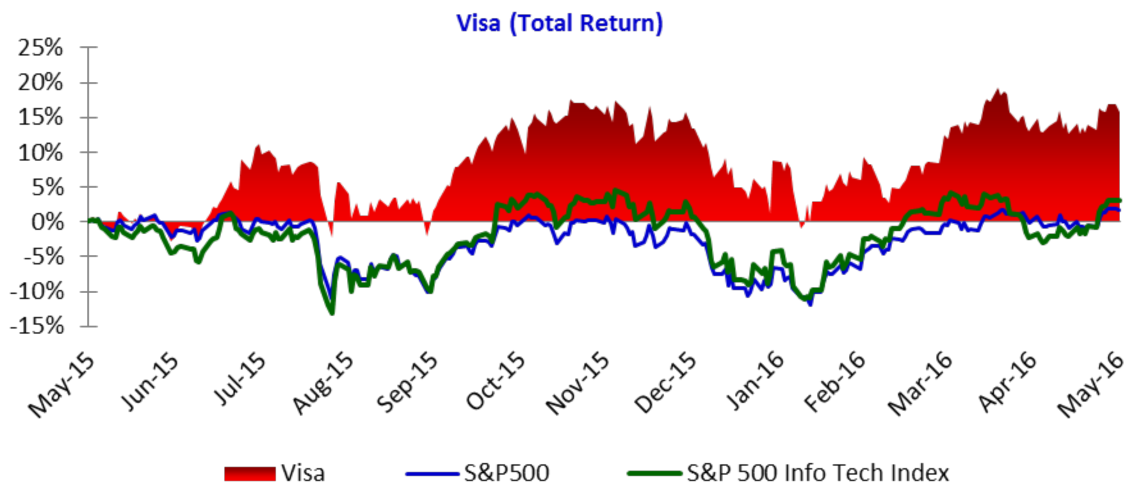
Paycom Software, Inc. (PAYC) is a fast-growing provider of cloud-based human capital management (HCM) software solutions. PAYC focuses on providing functionality and data analytics to businesses to manage the complete employment lifecycle from recruitment, to payroll and through retirement in the United States. It offers its clients a single system of record delivered as Software-as-Service with cloud-based convenience. This position was initiated in December 2015.



Visa Inc. (V)

Visa Inc. is a global payment company that seeks to connect businesses, financial institutions and governments through its services. It operates the world's largest retail electronic payments network, manages global financial services, and provides electronic payment, risk management and payment solutions to its customers.

Visa is not subject to any credit risk when issuing cards; instead, Visa is a facilitator for card and mobile payments. There has been a shift towards increased towards consumer convenience, which Visa is poised to capitalize on through its mobile payment technology and its credit/debit cards. Visa is also unlikely to be adversely affected by rising interest rates due to the nature of its business. The class decided to invest 4.2% of the Fund's capital into Visa Inc., based on Visa's past performance and analysts' belief in the firm's future potential for growth domestically and globally and its ability to profit from emerging mobile payment trends.



Materials

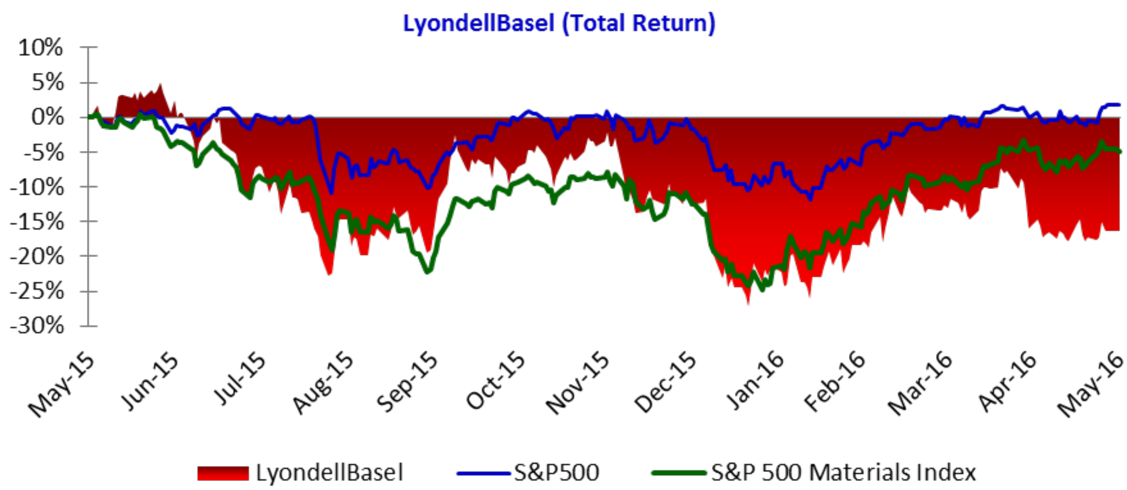
The materials sector consists of companies that are involved in the manufacturing and processing of chemicals and plastics, harvesting of forests and the extraction of metals and minerals, and is divided into the Chemicals, Construction Materials, Metals, Mining, and Iron and Steel industries. Within Chemicals there are specialty chemicals, agricultural chemicals, basic and diversified chemicals. Within metals and mining there is Aluminum, Base Metals, Copper, and Precious Metals. The Chemicals segment is impacted by the appreciation of the U.S dollar because foreign sales account for a large proportion of total sales for specialty and basic chemicals producers. Construction Materials are dependent on China and whether or not they will increase building. The Metals and Mining sub-segment is experiencing supply and demand issues which have increased price fluctuations. Iron and Steel are in a state of oversupply which is placing downward pressure on the prices within the sub segment. Because a major driver for many of the companies within the sector is the price of crude oil, the recent low for oil this spring has led to the underperformance of the Materials Sector relative to the S&P 500.

LyondellBasell Industries (LYB)

LyondellBasell is an industry leader in manufacturing chemicals, plastics, and refining. Based in Houston, Texas, the firm is the third largest chemical manufacturer in the United States, producing olefins, poly-olefins, and specialty poly-olefins for global markets. The firm has been able to sustain a competitive advantage regarding its polyethylene products relative to firms internationally because of its cost control over the manufacturing of the products compared to its competitors.

The chemical products produced by LYB are mainly building blocks for other chemicals and plastics whereas their plastic products tend to be final. Its customers use the manufactured plastics to form products such as food packaging items, home furnishing items, automotive components, and paints. The firm also offers packaging, clean fuels, durable textiles, medical products, and construction materials.

Fund analysts have a positive long-term outlook for the firm, believing that it still has a tremendous amount of growth left and rate it a hold.



Telecommunication Services

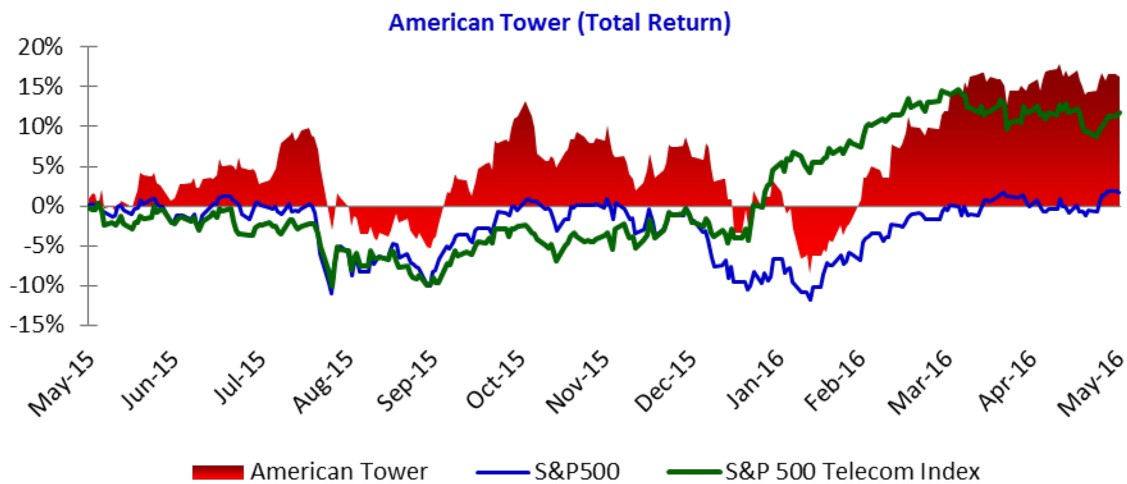
Telecommunications companies provide the products and services that allow for communication through fixed lines, cellular, wireless, high bandwidth or fiber optic cable networks. The sector represents 2.77% of the S&P 500, and its main segments are Wireless and Wireline. The sector can be further segmented into industries including Wireless Voice and Data providers, Fixed Line Voice, Wireline High Speed Data, video, Basic Cable, Digital Cable, High Speed Data, and Telephone Providers. Wireless Voice and Data account for the biggest revenue sources in the sectors led by sector leaders AT&T and Verizon.

American Tower Corporation (AMT)

American Tower corporation is a real estate investment trust (REIT) that owns, operates and develops wireless communications and broadcast towers in the United States. American Tower leases antennae sites on multi-tenant towers for a diverse range of wireless communications industries including personal communications services, paging, and cellular.

While the company now operates as a real-estate investment trust (REIT), and is often considered to be a financial company, when the Fund made its investment American Tower was a telecommunications company and we continue to consider it as one.

American Tower has produced consistent gains and provides investors with reliable returns due to its low debt and steady cash flows. American Tower's expansion into emerging markets provides investors with growth potential by leveraging a proven business model. Recently, with a combination of purchases and leases, the company obtained access to more than 11,000 towers from Verizon Communications, and looks to increase tenant occupancy on these towers from a current average of 1.4 tenants per tower, less than its portfolio average of 1.8, to an average of 2.4. This antennae expansion is likely to add a significant increase in annual rental revenue streams. With expansion into Latin and Southern America, and their recent tower and antennae expansion within the U.S, American tower looks to generate another year of strong earnings, although expectations for rising interest rates may temper future stock performance.



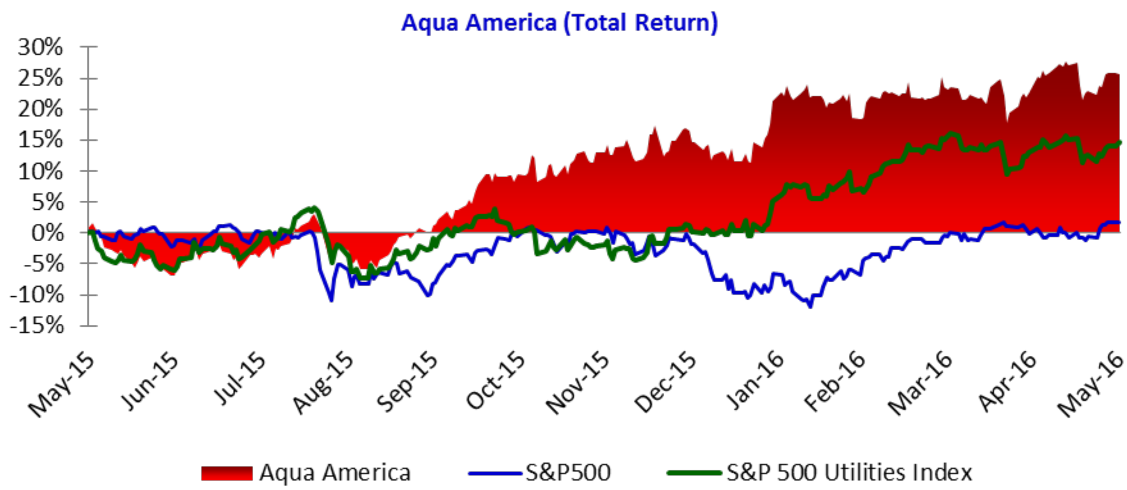
Utilities

The utilities industry consists of companies that deliver the essential supplies needed to operate homes and businesses. These include services such as electricity, gas, water and other power related sources. The sector is unusual because with minimal yields in the past several years, utility companies have provided a safe-haven for investors. However, in an industry where infrastructure is high and firms are highly leveraged, the increase in 10-Year U.S Treasury yields that is expected will make this industry less appealing to investors, relative to alternatives, due to the increase in company's cost of capital.

The future outlook of the utilities industry continues to look poor due to the widespread belief that the Federal Reserve is planning to raise interest rates later this year. Because utility stocks are considered as bond-market proxies, rising interest rates will most likely cause investors to take their money out of utility stocks and invest in bonds in order to take advantage of higher yields. In addition, increased interest rates will make the cost of capital for utilities companies increase. With leverage high in order to finance their large infrastructure, rising rates will increase the risk of utility companies.

Aqua America, Inc. (WTR)

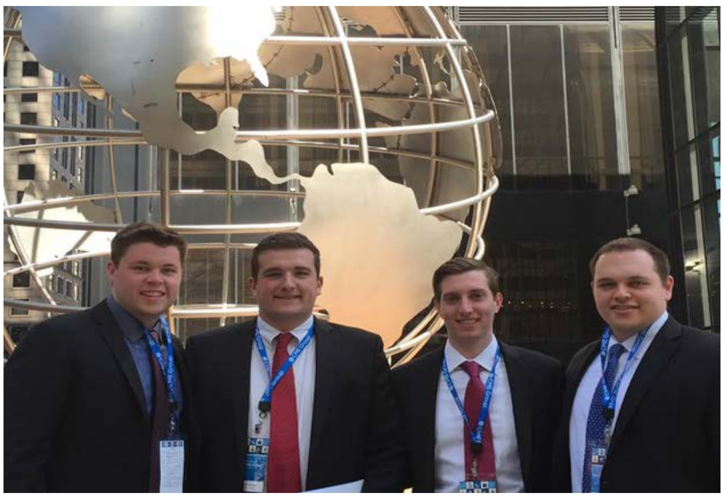
Aqua America operates in three market segments within the water industry, including water, wastewater, and other utility. These segments have sub-segments that fall within them, including residential water, commercial water, fire protection, industrial water, other water. Water generates the highest level of operating revenues at 85.8%, and within that residential water is the largest segment generating 58.8% of the water operating revenues for the 2014 fiscal year. These market segments provide services nationally to the following states: Pennsylvania, Ohio, Texas, Illinois, North Carolina, and one other state. Accounting for 53.5% of total operating revenues, the state of Pennsylvania is the largest consumer of Aqua's services. This position was initiated in December 2015.



Greystone Fund Events – 2015/2016

2016 CME Group Commodities Trading Challenge

This spring, members of the Greystone Equity and Fixed Income Fund took part in a trading challenge sponsored by the CME Group. There were more than 500 teams of both undergraduate and graduate students, from 32 countries, participating. Each team in the contest was allowed to trade a range of futures contracts, including equity index, gold, oil, natural gas, and other commodities, in a two stage competition. The top 50 teams after the two week preliminary round advanced to the final round of a further two weeks of trading.



One of the two Marist teams, consisting of seniors Owen Dingelstedt, Scott Hanley, Mark Pustorino, and Glenn Heller (*left to right in picture*) advanced to the finals and finished in 18th place at the conclusion of the competition. The foursome, accompanied by Professor Haughey, joined the other finalists at the CME Group headquarters in Chicago for a day-long conference that featured educational sessions, a networking event, and was capped by a dinner at the John Hancock Center.

"In April of 2016, we had the opportunity to travel to Chicago to attend the CME Group's day of market education. We were able to attend this conference by becoming finalists in the CME Group's market trading challenge. Each team was given a hypothetical $100,000 to trade commodities for a 2 week period. We were fortunate enough to place in the top 10% of teams in this preliminary round, which advanced our team to the next round. Teams in the final round were given $250,000 in paper money to invest over a 2 week period, and we finished in 18th place overall out of the initial 500 teams that were competing globally. This competition enabled us to expand our knowledge in the commodities market and the economy as a whole. We have also been able to share this knowledge with our peers and hope that our experience will help Marist teams in the future.

We had limited knowledge of both the CME Group and commodities at the start of this challenge. Previous coursework has given us an overview of what commodities are but we had no experience trading them. In order to succeed, our team was forced to quickly learn how to work the CQG trading platform, understand and analyze market trends in commodities and identify correlations between the commodities that were available to trade.

It was difficult to monitor the constant changes in the market because many of the commodities were extremely volatile and traded based off news coming from the Middle East. Because of this, we chose to close our position at the end of each day, enabling us to trade based on the most up to date information available to us. The one exception to this strategy was the position we bought in gold, which we held for a majority of the competition. Gold had a steep upward trend for the duration of the trading period due to the vast uncertainty in the market, low oil prices and poor corporate earnings. We also saw success with the S&P mini, a derivative product of the S&P 500 Index. The S&P 500 was underperforming at the beginning of the competition, trading much lower than it typically traded. We saw this low price point as a perfect opportunity to buy. Shortly after, the S&P began to recover and we were able to recognize a return on our investment.

The competition required teams to make 10 trades a day so, because we recognized that corn and soybeans were correlated and relatively stagnant throughout this time period, we traded both contracts to meet the activity requirement. We continued this strategy into the final round which brought us to 5th place with only a few days left. We agreed as a team to take a risk by investing in oil, which at the time was trading at the lowest price it traded at in years. Unfortunately, the price did not recover during the final few days of the competition, causing our team to fall to 18th place.

The day of market education at the CME Group provided us and the other market competition finalists the opportunity to tour the command center and hear from some of the group's specialists from a variety of divisions. Speakers included the CME Group's chief economist, product development specialist, director of the firm's venture capitalist division, and we had an introduction to the CME data center, an introduction to the clearinghouse, a pit simulation and a speech by CME Chairman Emeritus Leo Melamed. We also had the opportunity to meet with a diverse group of companies related to the CME Group during a networking event at the Willis Tower. The guest speakers and representatives from firms within the industry gave us a unique insight into the commodities industry.

Professor Haughey intends to use the competition to further familiarize students with the commodities industry in the future. We have already had the opportunity to share our experience with the investment club and plan on returning in the fall to introduce students to the competition and the trading platform. Professor Haughey would like to host an internal trading competition in the Fall to prepare teams for the actual competition in the Spring. Our hope is that Marist can continue to have teams qualify for the final round and be able to attend the CME Group's, Day of Market Education, joining other students from top institutions around the world."

G.A.M.E Forum

From March 31st –April 1st, four of our students, together with Professor Haughey, attended the Quinnipiac G.A.M.E forum, an annual conference for participants and faculty in student-managed investment funds, held at the Hilton hotel in Manhattan, New York. Upon arrival on Thursday, the students attended four keynote presentations, where the speakers expounded on topics such as the economy, alternative assets, stocks markets, and corporate governance.

On the following day, student attendees were able to choose from a multitude of different breakout panels, workshops, and keynote perspectives that piqued their individual interests. For the most part, the four Greystone students attended different sessions and each got the chance to learn more about topics that matched their personal interests from the diverse group of experienced members of the financial industry.

PHOTO – NICK FORNABAIO, BRIANA FERRENTINO, ALEXIS WAGNER, ANTHONY FERRENTINO AT THE GAME FORUM

The students also had dinner with a group of Greystone Equity Fund alumni who are currently working in the world of finance. Upon their return to Marist they shared their insights and lessons learned with their classmates and with the Investment Club.

Senior Briana Ferrentino was very happy to attend the conference. "Being able to not only speak with well-known finance professionals, but also to hear the different perspectives of students from all around the world has helped me to learn so much more about different financial topics that I believed I knew so much about. What I really loved about the GAME forum was being able to choose the specific presentations that I wanted to attend - it gave me the chance to really focus on expanding my knowledge on topics that I am passionate about. Thanks to my professors, who have provided me with so much knowledge on finance topics, I felt that I was able to really get the most out of the speakers. Already understanding the basics of their presentations allowing me to dive deeper into what they were saying. Overall, this was a wonderful experience that really helped me to understand what I am passionate about."

Marist Splash

On Saturday, April 2nd, almost 200 students, grades 7 through 12, came to campus from around the Northeast for a day of learning in classes taught by Marist undergraduates as part of the inaugural Marist Splash.

Classes were offered in an eclectic mix of subjects, ranging from origami and Chinese dynasties to electronic dance music and computer game design. The classes in personal finance, stock market investing ("Get Filthy Rich in the Stock Market"), and commodity trading were particularly popular.

Marist Splash was planned by a steering committee of Marist business majors Megan Callanan, Samantha Villacampa, Alexis Wagner, and Briana Ferrentino, all of who were part of the Greystone Equity Fund in the Fall 2015 semester. They were helped by more than 80 Marist student volunteers and supported by offices and departments across campus.

"Organizing Splash proved to be a very valuable learning experience for these business students," said Professor Brian Haughey, "as they had to focus on business management skills such as logistics, planning, recruitment, marketing, accounting, etc., and collaborating with representatives of Splash at other universities, including Yale and MIT, as well as other Marist constituencies. They were, in effect, learning how to run a not-for-profit business."

Greystone Alumni Dinner

In December 2015, approximately 25 Greystone Fund alumni attended the inaugural Greystone Christmas Dinner in New York City.

Through their participation in the Fund, each student had the opportunity to invest a portion of the college endowment in the stock market. The purpose of the dinner, according Sean Sullivan '15, was "to create a network that can help foster the success of current and future members of the program. My fellow alumni and I recognize that being a member of this exclusive program is a privilege awarded to some of the most exceptional students at Marist College, and we feel it is our responsibility to give back to the program that allowed us to begin successful careers on Wall Street."

Sullivan and classmate Cody Capps, both of whom now work with Citigroup, organized the event; Marist guests included College Advancement Vice President Chris DelGiorno and his colleagues Jeanine Thompson and Rebecca Lavallee, as well as finance Professor Brian Haughey, who oversees the administration of the Greystone Funds.

"We were all amazed at the success of this dinner," Sullivan said. "We were able to raise a few hundred dollars as a donation to the program and set the foundation of this alumni network. Starting this annual event will foster philanthropy for the program and develop a meaningful track from the Investment Center in Hancock to the doors on Wall Street."

PHOTO: GREYSTONE FUNDS ALUMNI SAM MILLER, NICK IANNICELLI, MIKE PETTA, COURTNEY DIONNE, VICTORIA PAPPAS, AND ALEXA GHERLONE

Guest Speakers

Professor Haughey organized a consistent stream of guest speakers throughout the year who spoke to the Greystone Equity and Fixed Income classes about the financial markets. Students heard from executives who worked in private equity, venture capital, rating agencies, electronic trading networks, and investment banks. This complemented the in-class lectures and provided the students with some interesting real-world stories and great networking opportunities.

Students benefited tremendously from the question-and-answer segment at the end of each presentation. These personalized questions allowed the speakers to tailor each of their presentations toward the students' interests, which helped them further improve their analysis in this class. We are very grateful to the speakers for contributing to our learning experience.

PHOTO: SENIORS MEGAN CALLANAN,BRIANA FERRENTINO,ALEXIS WAGNER AND ANTHONY FERRENTINO, WITH MR. ANDREW CROWELL, OF D.A.DAVIDSON

Student Investment Club

Our student investment club was very successful this year. We met weekly during both semesters, and there were regularly twenty or more members present. Each week saw a presentation, usually by our President, Megan Callanan, who discussed current market conditions and investment strategies, making extensive use of charts from the Bloomberg terminal. Topics that were discussed included technical analysis, inter-markets relationships, hedge fund strategies, etc.

One major benefit of the club is that it provides Freshman and Sophomore students with the opportunity to hear from members of the Greystone Equity Fund about investments held in the Fund's portfolio. In future years this will mean that incoming student managers will already be familiar with the market and with Fund assets by the time they join the Fund, so that they will be able to make informed decisions earlier in the semester. Heretofore, students coming into the Fund typically had little practical exposure to the financial markets and so were ill-equipped to make trading decisions until the end of the semester, meaning that the Fund portfolio could only be rebalanced twice a year, in May and December. In future years students should be capable of rebalancing the Fund portfolio earlier in the semester, and so be more responsive to market events.

Student Analysts

Spring 2016 Class

Christopher Alexander

Christopher Alexander is a graduating senior with a major in Business Administration and an emphasis in Finance. Christopher's role within the Greystone Equity fund was Valuation Expert, while also focusing on the Materials and Telecommunication sectors.

Christopher Callegari

Christopher Callegari is a senior at Marist and will be graduating with a degree in Business - Finance. Chris was a sector analyst for the Consumer Staples and Industrials sectors. He was involved in recommending Tyson Foods, and Roper Technologies, both of which were approved for the fund - Roper's vote being unanimous. Chris plans on pursuing a career as a financial analyst, or portfolio manager. He is currently interviewing with American Express for a Treasury Analyst position among others.

Owen Dingelstedt

Owen Dingelstedtis a graduating senior with a degree in Business Administration and a concentration in Finance. He is currently a Portfolio Manager for the Greystone Equity fund where he focused on the Utilities and Healthcare sectors. He is also an analyst for the Greystone Fixed Income Fund. Owen will be pursuing a position in wealth management after graduation.

Frank Discolo

Frank Discolo focused on the Energy and Financials sectors and his role within the Greystone Equity fund was the Valuation Expert. Over the summer Frank will be working as a Summer Analyst at Capital Markets Advisors, a municipal finance firm. Frank will be returning to Marist in the Fall for his senior year of college.

Daniel Duggan

Daniel Duggan is a graduating senior and a Business major with an emphasis in Finance and minors in Math and Psychology. Daniel served as the Valuation expert in the Greystone Equity fund and focused on the Consumer Discretionary and Information Technology sectors. After graduation Daniel plans to find a job in Finance, he is specifically interested in working in wealth management.

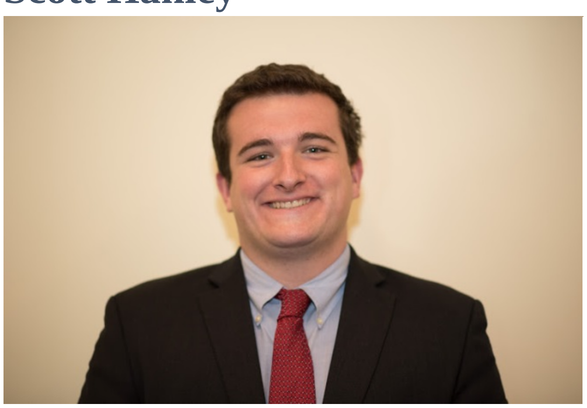
Michael Fisher

Michael Fisher is a graduating senior and a Business Administration major with an emphasis in Finance. His role in the Greystone Equity fund was to focus on past and current economic trends. Michael concentrated on the Consumer Discretionary and Utilities within the fund. After graduation, Michael will be working for Sony Music as a Financial Analyst.

Kerin Haft

Kerin Haft is a graduating senior from Marist and a double major in Business Administration with an emphasis in Finance, and Economics. Kerin was responsible for writing the newsletter for the Greystone Equity fund and concentrated on the Consumer Discretionary and Financials sectors. After graduation Kerin will be working as a Financial Advisor.

Scott Hanley



Scott Hanley is a graduating senior with a major in Business Administration and a concentration in Finance. Scott was born and raised in Rye, New York and served as Portfolio Manager of the Greystone Equity fund. Scott focused on the Healthcare and Consumer Staples sectors. Scott was also a member of the Greystone Fixed Income fund where he focused on High-Grade Corporate Bonds. Scott also participated in the CME Trading Challenge.

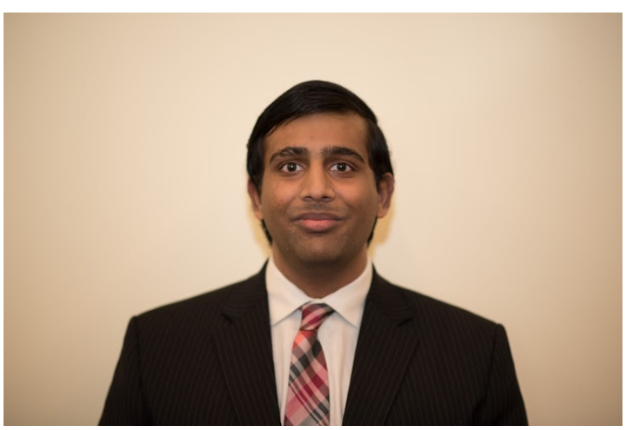
Glenn Heller

Glenn Heller II is a senior at Marist College, studying Business Administration with an emphasis in Finance and a minor in Accounting. Glenn was an economist for the Greystone Equity fund and was also in charge of managing the Financial and Information Technology sectors. He placed 18th in the world for the CME Group challenge and 18th in the nation for the TD Ameritrade Think or Swim challenge. He is also student of the CFA prep class at Marist and will be taking his Level I exam in June 2016. After his exam, he will be joining Conning and Company as a Trade Operations Analyst while he also pursues his MBA in the fall.

Julien Hochner

Julien Hochner is a senior and an international student from France. He is majoring in Business with an emphasis in Finance, and a double minor in Global Studies and Psychology. Julien served as the Bloomberg expert in the Greystone Equity fund and concentrated on the Healthcare and Consumer Staples sectors. After graduation Julien will be interning for a research/advisory company in Westchester, NY. Julien hopes to obtain a United States visa and full time employment in the states.

Sasikanth Kancherla

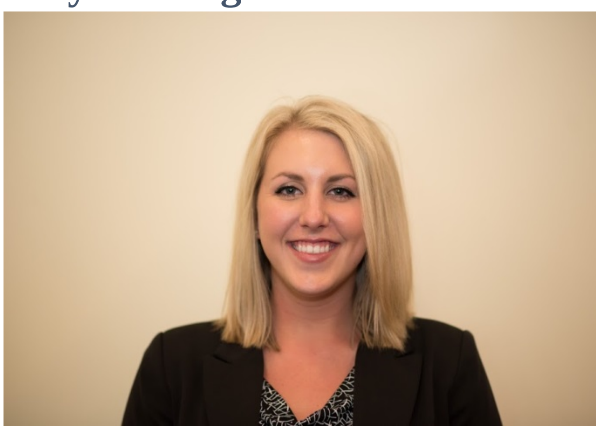


Sasikanth Kancherla is a senior at Marist College, studying Business Administration with an emphasis in Finance. He was the Equity Fund's Portfolio Co-Manager for the Spring 2016 semester, and an analyst for the Industrials and Telecommunications sectors. Upon graduation, Sasikanth will work as a Technology Business Analyst for UBS.

Karisa King

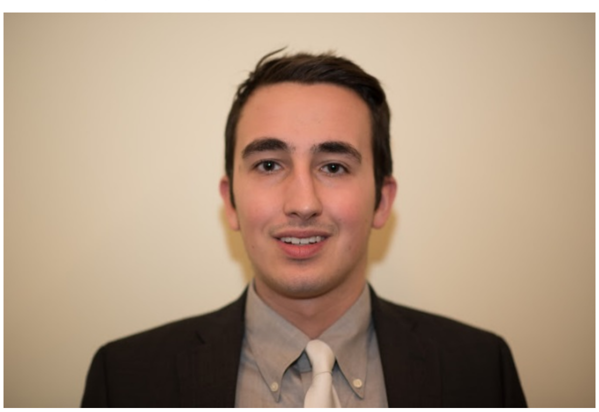
Karisa King is a senior at Marist College studying Economics and minors in Business and Environmental Policy. She is currently a member of the international economic honors society, Omicron Delta Epsilon. Karisa was responsible for research in the Materials and Energy Sectors. Upon Graduation, Karisa will continue her career as a Trust, Client Service Associate in the Wealth Advisory Division of Salisbury Bank & Trust Company where she will pursue a career in wealth management.

Alayna Krug



Alayna Krug is a graduating senior who studied Business Administration with an emphasis in Finance. Alayna served as the President of the Greystone Equity fund while concentrating on the Information Technology and Healthcare sectors. Alayna was also a Portfolio Manager and Analyst for the Greystone Fixed Income fund where she concentrated on High-Grade Corporate Bonds. After graduation Alayna will be interning at a wealth management firm in Southern California and studying for the Series 7 exam and California Real Estate Exam.

Michael Martine



Michael Martine held the position of Economist for the Greystone Equity fund and focused on the Utilities and Materials sectors.

Michael McKee

Michael McKee is Business Administration major with a concentration in Finance. Throughout the semester, Michael focused on the Consumer Discretionary and Information Technology sectors. After graduation, he plans on returning to my internship as a customer service representative at CellMark Paper, while searching for a job in wealth management.

Stephanie Ottomanelli

Stephanie Ottomanelli is a senior at Marist College majoring in Finance with a Spanish minor. She is one of the analyst for the Energy and Financials sectors and served as a Portfolio Manager for the Greystone Equity Fund. After graduation, Stephanie will be working for Sony Music as a Financial Analyst. She will continue investing in equities after she departs from this fund and hopes to one day manage her own mutual fund. In her spare time she enjoys dancing, hiking, running, and hanging out with her friends.

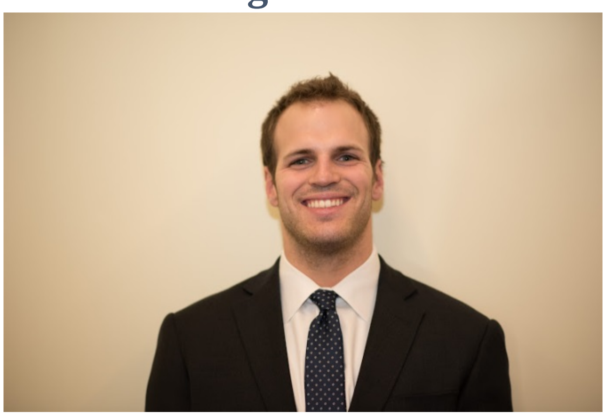
Mark Pustorino

Mark Pustorino is a senior at Marist College studying Business Administration with a concentration in Finance and a minor in Accounting and Economics. Mark was one of the Greystone Fund economists and served as an analyst for the Energy and Consumer Staples sectors covering both Kinder Morgan and Tyson Foods. Mark interned with Robotti & Company, a New York based private wealth management firm for the past three years. Some of his responsibilities were working directly with their research department, trading and operations. Currently Mark is engaged in conversation with a New York based hedge fund and an investment firm headquartered in Rye, New York for future employment.

Willis Rayton

Willis Rayton is a graduating senior and a Marketing major, though he is aroused by money and chose to pursue an education in Finance as well. Willis contributed to the Greystone Equity fund as one of the newsletter editors and served the fund by analyzing the Industrials and Utilities sectors. Willis describes his experience in the Greystone fund has invaluable. He gained practical and transferrable skills during his time as an analyst, and considers they Greystone Equity fund an integral part of his career at Marist. After graduation, Willis will be moving to London to pursue an opportunity within the Financial industry.

Sean Terwilliger



Sean Terwilliger is a Business Administration major with an emphasis in Finance. Sean's role with Greystone was to provide the newsletter with updates on the performance of the Greystone Equity fund and any changes that were made at the end of the spring 2016 semester. The sectors that Sean focused on were Healthcare and Telecommunications. After graduation, Sean hopes to have a career in the financial industry, specifically as a financial analyst.

Disclaimer