2017 Performance Statistics

<table>
<thead>
<tr>
<th>Fund</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cayuga Fund</td>
<td>10.8%</td>
</tr>
<tr>
<td>Russell 2000</td>
<td>14.6%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>21.8%</td>
</tr>
</tbody>
</table>

Funds Under Management as of December 31, 2017: $1,322,172

The small-cap Cayuga Fund returned 10.8% for the year 2017, while the fund's benchmark, the Russell 2000 Index, was up 14.6%, and the S&P 500 delivered a total return of 21.8% in the same period. Fund performance, by sector, is reviewed later in this report.

2017: 20th Year of Fund Management

The Cayuga Fund began operations in 1998, seeded with a gift from the graduating class of 1998 and additional alumni donors who were excited to support Johnson’s new asset management program at the Parker Center for Investment Research at Sage Hall. The fund currently manages money solely for the Cornell University endowment, which holds the donor gifts, and follows a long-bias small cap equity strategy. Throughout its history, the fund has adapted to various market conditions and investor sentiment and delivered impressive overall performance, all while maintaining true to its founding mission to educate future generations of leaders in the asset management industry. To date, the program has graduated more than 450 Johnson students in its 20-year history. As we reflect on the past 20 years, we are proud of our graduates and the success they have gone on to achieve. They are a testament to the asset management program that we have built at Johnson and an integral part of the Johnson narrative on the power of experiential learning. In 2018, we look forward to celebrating the Parker Center’s 20-year anniversary in New York City and seeing many of the program’s alumni there.

Classroom Activity

The year 2017 saw 22 MBA student portfolio managers join the fund, along with 6 talented Cornell undergraduate associates. The fund follows a dual process for security selection, which includes both quantitative and fundamental analysis. A sophisticated quantitative model is used to identify attractively valued small-cap stocks for students to conduct further due diligence. Students work in sector teams to determine appropriate ranking criteria and fundamental trends before recommending final names for the portfolio. In the middle of the fall semester, students complete pure fundamental research on industries and recommend additional names for the Fund. The two processes are diversifying, but also complementary as students apply what they learn from coursework and experience. As we reflect on the past 20 years, we are proud of our graduates and the success they have gone on to achieve. They are a testament to the asset management program that we have built at Johnson and an integral part of the Johnson narrative on the power of experiential learning. In 2018, we look forward to celebrating the Parker Center’s 20-year anniversary in New York City and seeing many of the program’s alumni there.

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This year, we continued to welcome alumni and other experienced investors to present their investment philosophies to students. The Parker Center was visited by ten guest speakers in the fall and spring semesters.

FROM THE DESIGNATED MANAGERS

Scott Stewart
MBA ’83, Ph.D. ’85
Designated Manager

Christopher Meredith
MBA ’05
Designated Manager

Spotlight on Parker Center Events

While the Cayuga Fund is a centerpiece of the asset management curriculum at Johnson, the Parker Center has, over time, built an impressive portfolio of events and activities, designed to enhance the networking and recruiting opportunities for its students and build industry connections for the school. These events include the MBA and Undergraduate Stock Pitch Challenges, both competitive events, and the pioneering MBA and Undergraduate Women in Investing conferences, designed to educate and encourage women to pursue careers in asset management, in a space in which they are vastly underrepresented. In 2017, we also started an investment portfolio case competition, held on the Cornell Roosevelt Island campus. All these events have not only created opportunities for students but enabled the Center to build strong relationships with more than 25 top-tier investment management and financial services firms who are an integral part of their success.

We are also continuing to build faculty relationships across the three units of the SC Johnson College and exploring ways to lead and collaborate on investing initiatives on campus. Do stay tuned for more developments in this area.

We are grateful to many parties for their support of the Parker Center and Cayuga Fund, including the SC Johnson College and Johnson School administration, the alumni mentors of the Cayuga Fund, alumni donors, and, of course, the Cornell University endowment. We truly appreciate your support and partnership.

Sincerely,

Scott Stewart
MBA ’83, Ph.D. ’85
Designated Manager

Christopher Meredith
MBA ’05
Designated Manager

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### HEALTHCARE SECTOR

#### Ming Chou

Stocks in the healthcare sector outperformed the broader market during 2017 despite uncertainty in Washington over the future of the Affordable Care Act (ACA), as well as President Trump’s vow to control prescription drug pricing. The Russell 2000 Healthcare Index began the year at 2,639 and then moved to significantly outperform the broader Russell 2000 Index, gaining 35% over the course of the year. The fund’s Healthcare holdings returned 25.3% in 2017, contributing 271 basis points to its return. Almost half of the sector portfolio was allocated to the medical specialties subsector, which gained 57% and contributed 185 basis points to the fund’s return. The best performing position was Maximo Corporation (MAS), which contributed 57 basis points of alpha, while the worst performing position, Opient Pharmaceuticals (OPNT), detracted 49 basis points from the fund’s performance.

The Trump Administration’s successful removal of the ACA’s individual mandate benefitted insurers such as UnitedHealth (UNH) and Aetna (AET), while offering headwinds for hospital providers such as Tenet Healthcare (THC). Moreover, CVS (CVS), Walgreens (WAB), Walmart (WMT), McKesson (MCK), Cardinal Health (CAH), and AmerisourceBergen (ABC) were named in an April lawsuit filed by the Cherokee Nation for negligence in preventing the flood of narcotics into the Nation. In June, Endo Pharmaceuticals (ENDP) was asked by the FDA to take its JFK hormone off the market, off the market due to risks of abuse. The opioid epidemic was declared a public health emergency by the President in October, threatening to further subject pharmaceutical firms to legal action for their alleged roles in the crisis.

In addition to challenges against drug pricing policies, pharmaceutical and biotechnology companies faced threats of patent challenges from generic competitors. Controversy arose in September when Endo (ENDP) sided with its blockbuster eye drug Restasis by transferring the drug’s patent to the Mohawk Indian Tribe—a step that was rendered moot when a court invalidated the patent.

Fortunately, pharmaceutical and biotechnology firms benefited from a more favorable FDA. In 2017, with U.S. drug approvals hitting a 21-year high. The most talked-about FDA approvals in 2017 included the chimeric antigen receptor T-cell (“CAR-T”) therapy, with approval given by Novartis’ (NVS) Kymriah in August and Gilead’s (GILD) Yescarta in October. A less-publicized, but favorable FDA in 2017, with U.S. drug approvals hitting a 21-year high. Fortunately, pharmaceutical and biotechnology firms benefited from a more favorable FDA. In 2017, with U.S. drug approvals hitting a 21-year high.

The fund entered 2018 overweight Healthcare, as we expect the sector to continue its transition towards outcome-based care, which promises to improve efficiency. Increasing consumer involvement in the healthcare decision-making process, in combination with technological advancements, will feed the growth in outpatient services. Meanwhile, the threat of generics, declining R&D productivity, and the possible repatriation of overseas cash should contribute to brisk M&A activity in the pharmaceutical space. The sector is projected to see high single-digit growth in operating earnings in the coming year, and ended 2017 at a forward P/E multiple that is within a range last seen in 2008. With the economy also entering the late-cycle phase of the current business cycle, we expect the Healthcare sector to provide steady performance in 2018.

### ENERGY & MATERIALS SECTOR

#### Peter Deng

In 2017, the Cayuga Fund was net long on and overweight Energy and Materials, which contributed 35 basis points to its total return. The best performing position was Alon USA Partners (ALDN), which earned a total return of 46.9% and contributed 94 basis points. The worst performing position was CNX Midstream Partners (CNXM), which had a total return of -26.3% and detracted 47 basis points from the fund. The sector experienced a high amount of volatility over the course of 2017 due to fluctuating commodity prices. By the end of the year, energy markets recovered as the dollar fell and worldwide demand was driven up by developing nations.

Exploration & Production: 2017 was a volatile journey for upstream companies focused on exploration and production as the price per barrel of oil dropped to $42.1 in June before rebounding towards the year to reach new highs near $60 a barrel. The fluctuation was largely the result of a glut and subsequent production decisions by the Organization of Petroleum Exporting Countries (OPEC). In May 2017, investors were disappointed by OPEC extending its production cut quotas to only the first quarter of 2018. The price per barrel of oil proceeded to fall to an annual low in June before hovering below $50 per barrel. This sentiment changed in November 2017, when OPEC announced additional oil cuts that would extend to June 2018, driving oil prices up past $60 per barrel. Although rig counts had been falling since 2016, this rise in oil prices caused the number of rigs to rebound dramatically by the end of 2017. For producers, technological improvements in horizontal drilling and fracking have provided the ability to turn production on and off quickly and respond to market price changes to improve profitability. Overall, old oil prices and increasing technological advancement project a positive outlook for upstream players in 2018.

Commodities and Midstream: Natural gas prices experienced four straight quarters of losses in 2017. The year began with prices at $3.74 (Henry Hub, per MMBtu) and decreased by nearly 20% to close at $2.96 at year-end. Natural gas prices fell during the first quarter of 2017 due to over-optimistic prices from the prior year and continued to post quarterly decreases after periods of volatile price fluctuations. Prices did rebound near the end of 2017 on cold weather conditions. However, many coal-fired power plants have switched to natural gas due to its burning cleaner and have continued to increase their demand. Liquid natural gas is also seeing greater demand and supports a positive outlook for natural gas prices overall.

Coal prices increased throughout 2017 largely due to the current US administration’s support of “clean coal production”. Coal closed the year at $48.0 (Central Appalachian 12,500 BTU, 1.2 SO2) per short ton and closed at $60.1 by year-end. We have a mixed outlook for coal in 2018 as continued support from President Trump will be offset by the demand for natural gas. Overall, the possibility for utilities to return to coal power remains low.

Oil & Gas Services and Equipment: The oil and gas services and equipment sector experienced poor performance in 2017, which was largely driven by volatile oil prices and decreasing natural gas prices. However, oil refining and marketing did extremely well and proved remarkably resilient to changes in the prices of underlying commodities. By the end of 2017, the U.S. drew closer to its position as a net exporter of energy. The continued increase in exports creates more opportunities for onshore/offshore drilling services and equipment manufacturers to grow. Despite the potential for growth, we expect continued consolidation in the oilfield services industry.

### CONSUMER GOODS & SERVICES SECTOR

#### Chris Hunt

The U.S. economy appears to be late in the current business cycle, as our best available estimate of real GDP growth for 2017 is 2.3%. This represents a marked improvement from 1.6% growth in 2016. Unemployment fell to 4.1% by the end of 2017, suggesting that the economy is approaching full employment and that wage growth is on the horizon. CPI numbers at the end of the year exceeded expectations and corroborated this point. The market is now beginning to grapple with whether the U.S. economy is beginning to overheat. Meanwhile at the consumer level, confidence continues to hit new 17-year highs — just a few points off the Conference Board’s all-time high measurement of 132.6 in late 2000.

The Consumer holdings contributed 250 basis points of excess return to the portfolio in 2017. The portfolio benefited from allocations to Arcos Dorados (ARCO) the large Latin American franchise of McDonald’s (MCD) restaurants. The team also rode the rebound in the casino market through greater relative exposure to Penn National (1.84% of the portfolio vs. 0.50% of the benchmark). Strong picks in apparel and retail, led by Children’s Place (PLCE) and Gap (GPS), also contributed to the outperformance. Detracting from the outperformance were positions in Regal Entertainment Group (REG) and Ingles Markets (IMKTA), which were both sold before they realized significant declines late in the year. Regal Entertainment was sold prior to its announced acquisition by U.K. based Cineworld in an all-cash offer. Cineworld’s acquisition appears to be an opportunistic buy of the dip, as the $23/share price is lower than Regal Entertainment’s $23.74/share peak price just a year earlier. Ingles Markets sold off amid reports of Walmart’s readiness to acquire a large regional grocery business, Amazon’s (AMZN) Whole Foods acquisition, and declining margins through the first two quarters of the year.

Looking towards 2018, we believe that Consumer stock performance is likely to be volatile because of countervailing forces. Discretionary demand should continue to tick higher but serves as evidence of overall market interest rate hikes, and surprises regarding the pace of those hikes, will influence consensus demand estimates for Consumer Durables. A new chapter in the battle between online and brick-and-mortar retail will be written. Retailers will continue to improve their online sailing platforms to compete with increasingly cost-effective, and brick-and-mortar space will continue to find its new equilibrium as retailers close their stores in unprofitable malls.
The Russell 2000 Technology Index returned 19.4% for the period, which contributed positively with three stocks detracting more than 15.1% of the overall fund’s return. For the overall fund, which was underweight compared with the benchmark’s 22.3%. Within the Industrial Sector, we had the best performance, returning 18.43%, 24.8%, and 56.7% respectively, and contributing 42 basis points, 47 basis points, and 37 basis points to the fund respectively.

Due to the wide range of end markets served by the Industrial Sector, the primary indicators we tracked include: the overall GDP growth, the PMI (purchasing manager’s index) reported by ISM (the Institute of Supply Management), and oil prices. We also pay close attention to how well Caterpillar (CAT) is doing as its diversified business in energy & transportation, oil and gas, transportation, industrial, and power generation provides us with a gauge on how well these markets are doing and whether the outlook is optimistic in most Industrial Sector subindustries.

In 2017, the overall economy was doing well: the real GDP growth was 2.7%, up from 1.5% in 2016; the Fed raised its benchmark rate to 1.5%; although oil price tumbled to the low $40’s in mid-2017, it stabilized to be above $60 by the end of year; and new legislation on tax cuts were approved. Moreover, CAT had a 72.5% return, with revenue growth of 18% and margin expansion of 190 basis points. As a result, the Russell 2000 Industrial Index outperformed the Russell 2000 index by 200 basis points, 16.7% vs. 14.7%.

The fund entered 2018 underweight the industrial sector. We believe the sector has a bright outlook driven by continued GDP growth, stable oil prices, increased infrastructure spending, and deeper tax cuts. We continue to long transportation and trucking, environmental services, chemicals, constructions, aerospace & defense and marine shipping with most of our allocations in these subindustries going into 2018. Regarding airlines, the industry did not perform well in 2017 due to headwinds from hurricanes, pricing wars, and higher fuel costs. In 2018, some of the headwinds remain, but the market sentiment is coming back due to better-than-expected unit revenues, the new low, and attractive EBITDA multiples relative to the market.

In terms of allocation, the Industrial Sector was 16.2% of the overall fund, which is above the benchmark’s 15.0%.

In the Cayuga Fund’s Technology sector, we believe the sector has a bright outlook driven by continued GDP growth, stable oil prices, increased infrastructure spending, and deeper tax cuts. We continue to long transportation and trucking, environmental services, chemicals, constructions, aerospace & defense and marine shipping with most of our allocations in these subindustries going into 2018. Regarding airlines, the industry did not perform well in 2017 due to headwinds from hurricanes, pricing wars, and higher fuel costs. In 2018, some of the headwinds remain, but the market sentiment is coming back due to better-than-expected unit revenues, the new low, and attractive EBITDA multiples relative to the market.

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Quantitative Greg Allis

Performance Analysis team Emily Liao

The plan is to have this project completed by the end of the second quarter of 2018.

The team executed two portfolio rebalances during the second half of 2017. The first rebalance, in October, was based on the quant screening process. The second rebalance, in November, was based on the fundamental picks by the portfolio managers. The team also executes specific orders as required by portfolio managers on an ad-hoc basis.

QUANTITATIVE
Greg Allis

The Cayuga Fund quantitative model uses a combination of fundamental and technical signals to rank stocks based on expected future performance. Sector teams then use the quant ranking and a combination of their own quantitative and qualitative fundamental research to select stocks to recommend for the fund's portfolio. Key resources used to perform the quantitative and qualitative framework include FactSet, Capital IQ, Bloomberg, Thomson One and Barclay’s Capital Live. This year, the quant team’s primary focus was to re-evaluate the weight of each factor in the model. Using predictive analysis and back-testing, the team proposed adjusted sector weights that optimized the quant rankings in terms of performance against the benchmark. Secondly, the quant team hopes to identify new sector-specific signals to account for variations in business models and cycles across sectors.

PORTFOLIO CONSTRUCTION, RISK MANAGEMENT & PERFORMANCE ANALYSIS TEAM Emily Liao

The Portfolio Construction, Risk Management, and Performance Analysis team is tasked with two main goals. The goal for the portfolio construction aspect is to understand the risk assessment component of the portfolio construction process by using quantitative optimization tools and the fundamental algorithm. For the portfolio attribution aspect, the goal is to analyze total and active portfolio risk as well as to examine historical returns and analyze past risk levels. This process involves monitoring the portfolio stock, sector, style, and beta bets, which are checked for consistency and compliance with fund objectives and constraints. Using the theory that a portfolio should be evaluated as a collection of assets, our goal is to maximize risk-weighted alpha, construct a diversified portfolio that approaches the efficient frontier, and minimize tracking error.

The Cayuga Fund model seeks to optimize exposure to factors including individual positions, sector and industry, market cap, country, currency, risk factor, liquidity, and cash balance. By using tools such as FactSet, which can provide decision analysis tools such as impact of size and timing, as well as Barra, which sub-divides risk into Common Factor Risks and Specific Risks, the team is able to measure and optimize the portfolio based on the quantitative and fundamental views of the sector teams.

Barra Reports are a particularly helpful tool for analyzing and adjusting position holdings and eliminating the delays in transaction settlement. The team in assessing risk metrics, and comparing performance on an individual, industry, and sector level to that of the benchmark.

Moving forward, the team recommends that the portfolio team utilize the Bloomberg <PORT> function as an additional tool to monitor the portfolio and analyze risk. This function, which utilizes live data, could help future sector teams create a more automated process for retrieving fund performance data.

INVESTOR RELATIONS TEAM Michael Maguire

The Investor Relations (IR) team serves as the internal point of contact and resource for the fund’s investors. The IR team is responsible for relationship management with the endowment and continuously provides quarterly reports to communicate with the portfolio on the fund’s performance and its market overview, which includes a global macro update and a sector analysis.

The IR team’s main initiative is to strengthen the relationship with the endowment by publishing high-quality and timely quarterly fund performance reviews and market commentaries, ad-hoc comments on specific events, and standalone whitepapers and whitepapers on risks of fund managers on the Cayuga Fund’s website. In addition, the IR team is working with the Portfolio Analysis and Quantitative Teams to build an effective system to analyze and update all portfolio members on the strengths and weaknesses of the fund. From a fundamental perspective, the team is building out a more robust attribution analysis, identifying allocation improvements that can be made within the fund. From a quantitative perspective, the team is working to build a model identifying key exposures the fund may have to growth, value or other factors.

On top of this project, the IR team has identified other opportunities for communication to current students and Cayuga Fund alumni. The team will be hosting an information session in the spring for students interested in becoming portfolio managers, and plans are in place to re-establish a LinkedIn page. The hope is that this page will be another avenue for alumni to receive updates on the happenings of the fund and offer current portfolio managers and alumni an input point of contact with these alumni. The IR team will also be involved at Destination Johnson, an admitted students’ weekend Johnson hosts every spring.

FUNDAMENTAL STOCK ANALYSIS HIGHLIGHTS

PENN NATIONAL GAMING (PENN)

Chris Hunt

Penn National Gaming (PENN) is a regional operator and owner of casinos and slot machine gaming terminals. Penn contributed 155 basis points to the fund’s return in 2017 as the stock returned 74.4% when it was part of the fund. This stock stood out to the team as they believed that the market underestimated the company’s growth potential in the Midwest, management’s ability to drive cash savings in its roll-up strategy, Penn’s ability to move toward an ownership model (instead of leases operator) and the upside to the Penn’s leverage profile.

The first surge in Penn’s stock price in 2017 was out of management’s control, as it came when the company was included in the S&P 600 index in February. The next price increase resulted from the stock moving from management’s upward revisions to guidance and strong performance through the year. The first of such rallies in late March, when the Company adjusted its quarterly EBITDA guidance upward over 6%—due primarily to lower-than-expected master lease payments. Penn ultimately fell just short of EBITDA expectations while beating on the top line in Q1.

Penn also impressed investors in Q2 2017 when it announced that its share of EBITDA from owned properties was the largest it had ever been in the company’s history. Visitation and spending numbers were also positive for the quarter. Speculation that Penn would buy Pinnacle Entertainment also fueled the company’s stock price appreciation into the fall, as investor sentiment toward Penn’s roll-up prowess, and its ability to survive in a consolidating industry improved. The team ultimately sold out of Penn in the fall as new bull cases became more difficult to rationalize throughout the year.

SPIRIT AIRLINES, INC. (SAVE)

Claire Wang

Founded in 1964 and headquartered in Miramar, Florida, Spirit Airlines, Inc. (SAVE) provides low-fare airline services. The company operates approximately 450 daily flights to 60 destinations in the United States, the Caribbean, and Latin America. It offers tickets through its call centers and airport ticket counters, as well as online through spirit.com; and through third-party reservation systems including traditional travel agents, and electronic global distribution systems. SAVE contributed -102 bps to the fund’s return and the stock’s total return was -39%. We recommended a BUY in this stock because of Spirit’s gain of market share, the better outlook for nimble, low-cost airlines compared with legacy, high-cost airlines, and improving macro trends in tourism and air travel.

In addition, the company had high growth with a five-year compound annual growth rate (CAGR) of 17% in revenue and 26% in net income, and high returns with ROE of 20% and ROC of 15% in 2016.

On July 27th, the stock was down 15.5% after its Q2 2017 revenue miss by $0.61 million despite the EPS beats by $0.04/ share. The stock’s price dropped further due to impact from Hurricane Irma as Spirit is among those with the highest exposure to the Florida/Caribbean region. On September 5th, the company lowered its Q3 2017 US unit revenue guidance. Nevertheless, investors were somewhat satisfied with the same on all the airline stocks with the exception of Spirit Airlines because it sees revenue risk with Spirit due to heightened competition in some of the carrier’s key markets.

We sold out of our position entirely at $35.8 per share in October.

ALON USA PARTNERS LP (ALDW)

Michael Maguire

Alon USA Partners LP refinates and markets petroleum products out of Texas, where it owns and operates a crude oil refinery in Big Spring, TX with a capacity of 7,300 barrels per day. The fund entered into a 21 basis point position in Alon USA during a rebalancing on May 31st and held this position until the end of the year with an average weight of 60 basis points. During the last seven months of the year, Alon USA yielded almost 12% return, resulting in a 94 basis point contribution to the overall fund’s performance.

The majority of the stock gain was seen during Q4 and can be attributed to both macro and company specific factors. On the macro level, a 20% increase in oil prices throughout the quarter helped Alon USA in a similar manner to most of the Oil Refining & Marketing sector. However, the majority of the increase is attributed to a deal announced with Delek US Holdings (DK) on November 8th. Delek agreed to buy the remaining portion of Alon USA Partners at a 5% premium to the trading price. This absorption was on top of Delek already owning 82% of Alon USA. With this ownership structure, Alon USA is highly correlated with Delek's stock price, which was up 24% in Q4. This was in part due to the positive reception of the Alon USA acquisition as well as strong Q3 earnings beat of $0.19 with a YoY revenue increase of 116%.

FORTRESS INVESTMENT GROUP (FIG)

Hillary Powers

The manager performed within the financial services sector for 2017 was Fortress (FIG). On December 30, 2016, Fortress’ share price was $4.84. On February 16, 2017, SoftBank announced it would acquire Fortress. On February 17, 2017, we sold our position on Fortress for $7.81 per share, yielding a 60.7% return and adding 90 basis points to the fund’s 2017 return.

Prior to the start of the calendar year, the quantitative model was leveraged to identify Fortress as a strong pick for the Financials sector. Subsequently, a long position was initiated for 1.35 basis points of portfolio exposure.

Cayuga Fund 2017 Annual Report
Fortress is a highly diversified investment management firm based in New York City, which was founded as a Private Equity firm in 1998. They currently have $36.1 billion assets under management and manage assets on behalf of 1,750 institutions across credit, real estate, private equity and permanent capital investment strategies. Before being taken private, Fortress leveraged their relatively large client base to gain scale, resulting in an operating margin of 21.14%, higher than the industry average of 20.10%.

After the merger announcement on February 14, shares of Fortress soared more than 22% in after-hours trading. SoftBank ultimately paid a 38.6% premium to Fig’s closing price as a result of any company wrongdoing and the sell-off was an overreaction that was exacerbated by the company's small market cap. As we look forward to 2018, we believe owning a position on October 4th during a portfolio rebalance.

KEMET CORPORATION (KEM) Razaan Kabir

Founded in 1919, Kemet is a leading global supplier of passive electronic components for original equipment manufacturers (OEMs), electronic manufacturing service (EMS) providers, and electronic distributors. The company, together with its subsidiaries, manufactures and sells solid and electrolytic capacitors to the automotive, computing, telecommunication, military/aerospace, medical, and alternative energy markets. Its sales are also geographically diversified between APAC (40%), EMEA (31%), and the Americas (29%).

The company’s positive performance reflects improvements in earnings per share, as well as strong revenues. Kemet continues for the near future. In addition to the competitive landscape changing, CEO Mark Dunkley announced his retirement soon after we liquidated our position.

OPIANT PHARMACEUTICALS INC. (OPNT) Mac Roedel

Opiant Pharmaceuticals Inc. (OPNT) is a biotechnology company focusing on treatments for substance abuse. Opiant’s primary product is Narcan, the first and only FDA-approved opioid antagonist nasal spray that has the potential to bind with heroin compounds in the bloodstream to block them from reaching the brain, counteracting the drug’s addictive effects.

A position in Opiant was initiated at the start of Q4 2017. The share price dropped 55.81% over the remainder of the year and detracted 49 bps from the fund’s 2017 performance. Shortly after the position was added to the Fund, President Trump proclaimed the opioid epidemic a national health emergency, causing OPNT to rise 35%. However, in mid-December, the company experienced an idiosyncratic event that led to a major decline in the stock price, as Geoffrey Wolf, an independent director and member of the board of directors’ audit committee, abruptly resigned from the firm. As a result, Opiant was no longer in compliance with the Nasdaq listing rule that requires three independent board members on the audit committee. Mr. Wolf also sold his considerable ownership in the company (~10%), leading to a further decline in the stock price.

Despite the event’s significant effect on Opiant’s share price, we do not believe this has long term implications for the company’s value. Mr. Wolf was apparently unhappy with his compensation arrangement, leading to a disagreement with company management; we do not believe that the resignation was a result of any company wrongdoing and the sell-off was an overreaction that was exacerbated by the company’s small market cap. As we look forward to 2018, we believe owning a position in Opiant still has merit. President Trump reaffirmed his view on the opioid epidemic during his State of the Union Address, and Opiant is well suited to see strong revenue growth from further adoption of the life-saving Narcan product and the prospects for FDA approval of its opioid vaccine.

CNX MIDSTREAM PARTNERS (CNXM) Ryan T. Ha

Formerly known as CONE Midstream Partners LP prior to the name change to CNX Midstream Partners LP in late 2017, this natural gas company was founded in 2014 and is based out of Canonsburg, Pennsylvania. CNX Midstream’s business model revolves around owning, operating, developing, as well as acquiring natural gas and other midstream energy assets in the West Virginia and Pennsylvania regions. The company operates 18 compression and dehydration facilities as well as condensate handling facilities. In this, CNX Midstream’s main revenue sources come from gathering, collection, separation and stabilization services. Our long position in CNXM depreciated by a little over 26% during the time it was held in 2017 and contributed to a 47 basis point loss to the Cayuga Fund’s returns.

The stock had done incredibly well in 2016 with 139% in returns and the company had strong projections as well as guidance going into 2017. CNX had seemed like a good name because the Marcellus shale formation, where the company operates most of its business, had the lowest drilling and operating expenses in the nation at the time. Also, the natural gas industry was seen to be slowly rising to be the primary power source in the nation, as natural gas is becoming abundant and affordable compared to coal, which is already being pressured with carbon emission reduction plans.

CNX Midstream has also seen consistent, strong financial performance over the past four years — total revenue, profit margins, and net income have all consistently grown over quarter after quarter into 2017. The company also had a very appealing debt/EBITDA figure, as CNX Midstream had ~1.09x compared to the industry’s median of ~4.48x. However, as natural gas struggled all throughout 2017 (~dropped 33% over 2017) due to a negative trend in demand/consumption and costs in supply, CNX Midstream, consequently, saw a large drop in natural gas prices, performed poorly as a midstream company. The U.S. Energy Information Administration reported that in August 2017, consumption of natural gas was at a ~15% annual growth rate while exports of both pipeline and liquefied natural gas cargoes had increased compared to the beginning of 2017.

CNX Midstream met all earnings forecasts with no negative surprises during any of the company’s earnings reports. Therefore, most of CNX Midstream’s pitfalls and poor performance can be attributed to the relatively low prices as well as the increasing supply of natural gas in the United States. The fund had a position in CNXM to start 2017 with a 1.5% weight and exited the position on October 4th during a portfolio rebalance.
Student Biographies

MBA Portfolio Managers

Andrey Abramov
BS, Civil Engineering
University of Southern California

Andrey is a second-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Financial sector team. Prior to attending Johnson, he worked in various roles including account management in luxury retail, desktop support for LEAP middle and high schools, and as a computer technician.

Alex Canning
BA, Government
Cornell University

Alex is a second-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Financial sector team. Prior to attending Johnson, he worked as a stock trader at SMBC Nikko Securities in Japan, mainly trading US mega-cap stocks. He will return to SMBC Nikko upon graduation.

Gregory Allis
BS, Civil Engineering
Lafayette College

Gregory is a second-year MBA candidate at Johnson and serves as Portfolio Manager for the Industrial sector team and as leader of the Quantitative Analysis Team. He previously served as a Portfolio Manager for the Technology and Healthcare sector teams. Prior to Johnson, Gregory worked as a technology consultant for Accenture Federal Services in Washington, DC. He spent the summer of 2017 as an intern at Siemens & Company, an energy-focused merchant investment bank in Houston, where he will return upon graduation.

Matthew Cohen
BA, Mathematics & Economics
Boston College

Matthew is a second-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager on the Industrial sector team and as a member of the Portfolio Risk and Construction team. Prior to attending Johnson, Matthew worked in a variety of roles including account management in luxury retail, desktop support for LEAP middle and high schools, and as a computer technician.

Haru Harukawa
BA, Business & Commerce
Keio University

Haru is a second-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Consumer sector team. Prior to attending Johnson, he worked as a first-year analyst, Rob represented Cornell at the NYU Stern Credit pitch competition in 2015. He is also a certified private pilot. 

Emily Liops
BA, English & Legal Studies
Bowdoin College

Emily is a second-year MBA candidate in the full-time program at Johnson. She currently serves as a Portfolio Manager for the Consumer sector team. Prior to attending Johnson, Emily was in the start-up technology space and also invests socially with ImpactAlpha and in private wealth. Emily spent the summer in investment banking at Barclays within the equity capital markets group and will be returning upon graduation.

Robert C. Stein
BS, Information Science
The University of Pittsburgh

Rob is a second-year MBA candidate in the full-time program at Johnson. He currently serves as Portfolio Manager and leader of the Technology sector team and is a member of the Quantitative Analysis Team. As a first-year analyst, Rob represented Cornell at the NYU Stern Credit pitch competition in 2015. He is also a certified private pilot.

Alec Stranahan
Ph.D., Molecular Biology
University of California at Davis

Alec is a second-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager on the Technology sector team for the Cayuga Fund. Prior to Johnson, Alec spent four years focusing on client management and operations at Zenfolio Financial Solutions, a startup financial technology company based in New York and Gurgaon, India. Alec’s summer internship in 2017 was as a Summer Associate at Berkley, Noey, & Co., where he worked on technology infrastructure, finance, and healthcare sectors. He plans to continue his career as an investment banking associate upon graduation.

Matthew Cohen
BS, Finance
Rutgers Business School at University of New Jersey

Matthew is a second-year MBA candidate in the full-time program. He currently serves as a Portfolio Manager on the Industrial sector team and as a member of the Portfolio Risk and Construction team. Prior to attending Johnson, Matthew worked in various roles including account management in luxury retail, desktop support for LEAP middle and high schools, and as a computer technician.

Haney Capital Management

andrey is a second-year MBa candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Cayuga Fund as the leader of the Consumer sector team and is a member of the Trading team. Prior to business school, Chris served as a credit analyst at NewStar Financial, a senior lender into leveraged buyout transactions. He also covered the oil and gas industry as an associate analyst in The Travelers Compa- nies’ fixed income investments group. Chris spent the past summer in equity research at Sinos Capital Management, covering telecom companies across Northern Europe. Chris will join MetLife’s private capital group upon graduation.

Rob Kliber
BA, Economics
Emory University

Rob is a second-year MBa candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Technology sector team and as a member of the Investor Relations team. Prior to starting business school, he worked as a financial engineer at Fannie Mae, where he was responsible for valuing their $200 billion high-yield debt portfolios. Rob is currently managing the Barclays Technology sector team and is a member of the technology sector team and as a member of the Investor Relations team. Prior to attending Johnson, he worked as a consultant for Ernst & Young and Accenture, where he advised Fortune 500 clients across a range of industries including financial services, energy, technology, hospitality, and medical devices. Upon graduation, he will return to Barclays as an Associate in their Residential Credit team.

Baiyin Fu, CFA
BS, International Business
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Baiyin is a second-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Consumer sector team. Prior to attending Johnson, he worked as a Financial Engineer at Fannie Mae, where he was responsible for valuing their $200 billion high-yield debt portfolios. Rob is currently managing the Barclays Technology sector team and is a member of the technology sector team and as a member of the Investor Relations team. Prior to attending Johnson, he worked as a consultant for Ernst & Young and Accenture, where he advised Fortune 500 clients across a range of industries including financial services, energy, technology, hospitality, and medical devices. Upon graduation, he will return to Barclays as an Associate in their Residential Credit team.

Danae Rutka, CFA
BS, Finance
Penn State University

Danae is a first-year MBA candidate in the full-time program at Johnson. She currently serves as a Portfolio Manager for the Financial sector team. She is also a member of the Portfolio Risk and Construction team. Prior to Johnson, she worked as an Assistant Winemaker in Sonoma, Ca. during the summer of 2017. She spent this past summer working as an equity research associate at Barclays within the energy, media and cable sector. Upon graduation, Danae will return to Barclays as an equity research associate. He is a CFA Level II candidate.

Hannah Horecza
BA, Business & Commerce
Keio University

Hannah is a second-year MBA candidate in the full-time program at Johnson. She currently serves as a Portfolio Manager for the Consumer sector team. Prior to attending Johnson, she graduated from a Series 3 and Series 7 license from FINRA. She completed her summer internship on the FSG team of HoIlahan Lasky.

Ming Chou
BS, Biological Sciences
University of California at Irvine

Ming is a second-year MBA candidate in Johnson’s full-time MBA program. He currently serves as a Portfolio Manager for the Technology sector team. Prior to attending Johnson, Ming was based in Beijing as an investment manager at Mahan China Investment Management, a boutique fund management/ advisory firm. In his free time, Ming montauntes and played China’s dairy and FMCG sectors for the firm’s advisory practice. Previously, Ming served as an associate Portfolio Manager at SPF Investment Advisors in Newport Beach, California, and as a research associate specializing in Alzheimer’s Disease at UC Irvine’s Institute for Memory Impairments and Neurological Disorders. Ming interned this past summer at Novartis Pharmaceuticals on immunology & dermatology mass unit, and has passed Level I of the CFA Program.

Roderick Huerta, CFA
BA, Mathematics & Economics
Boston College

Roderick is a second-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Technology sector team and a member of the Fund’s Technology Investment Management as a buy-side associate in their Residential Credit team.

David Kutz, CFA
BS, Finance
Penn State University

David is a first-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Financial sector team. She is also a member of the Portfolio Risk and Construction team. Prior to Johnson, she worked as an Assistant Winemaker in Sonoma, Ca. during the summer of 2017. She spent this past summer working as an equity research associate at Barclays within the energy, media and cable sector. Upon graduation, Danae will return to Barclays as an equity research associate. He is a CFA Level II candidate.

McKenzie B. Readel
BBA, Business Administration
Boston College

Mackenzie is a second-year MBA student at Johnson. She is currently serving as the President of the Graduate Management Association. During her time as a student at Johnson, he spent four years in relationship management at Lazard Asset Management in New York.
Claire Wang is currently a second-year MBA candidate in the full-time program at Johnson. He currently serves as a Portfolio Manager for the Consumer sector team and previously served as a Sector Analyst for the Energy & Materials sector team. Prior to joining Johnson, Jason spent 7 years at Deloitte in the audit practice, serving clients in manufacturing, retail, technology, and construction. Jason spent the past summer in the Treasury Department at Ford Motor Company, designing a new funding program for the company.

**UNDERGRADUATE RESEARCH ASSOCIATES**

**Eric Bailey**
BS, Industrial & Labor Relations  
(Expected)

Eric is a junior in the School of Industrial and Labor Relationsminor in Business. He currently serves as a Research Associate covering Industrial and Energy & Materials for the Cayuga Fund. On campus, he is the secretary of Phi Chi Theta business fraternity and a member of the Cornell International Affairs Society. He also conducts research in the ILR School on the subject of conflict management in labor relations. In summer 2018, Eric will work as a junior research analyst in an event-driven special situations credit fund at BlackRock’s alternative investments division in New York.

**Peter Deng**
BS, Hotel Administration  
(Expected)

Peter is a junior in the SC Johnson College of Business majoring in Hotel Administration, pursuing minors in Real Estate and Operations Research. He serves as a Research Associate and the sector head of the Energy & Materials sector team in the Cayuga Fund. Peter has previously interned in investment banking and at a hedge fund, and this summer he will be working as a Buy-side Research Summer Analyst at Susquehanna International Group. On campus, Peter serves as the President of the Cornell Undergraduate Asia Business Society, the Executive Vice President of Cornell Consulting, and is an active member of the Sport Tao Kwan Do club.

**Ryan T. Ha**
BS, Hotel Administration  
(Expected)

Ryan is a junior in the School of Hotel Administration pursuing minors in Biomathematics and Statistics. He currently serves as a Research Associate for the Consumer and Energy & Materials sector teams in the Cayuga Fund. Last summer, Ryan worked at J.P. Morgan as a summer analyst in Investment Banking Credit. This coming summer, he will return to J.P. Morgan as a summer analyst. On campus, Ryan is an Executive Board member and the Head Trader for the Cornell Hedge Fund, Cornell’s largest undergraduate investment organization. He is also a research assistant in quantitative finance as well as a teaching assistant for a quantitative analysis course.

Andrew Kim  
BA, Government  
(Expected)

Andrew is currently a senior majoring in Government in the College of Arts and Sciences and minoring in business, law and society, and inequality studies at Cornell University. He is currently serving as a Research Associate for the Utilities & Telecom and Industrial sector teams for the Cayuga Fund. His background is in political science, where he conducted public policy research for his city councilman. This past summer, he worked at Garten, a regional consulting firm in Washington D.C., as a research analyst in their Corporate Leadership Council division. On campus, Andrew is an active member of the Cornell Speech and Debate Society and Student Assembly. Upon graduation, he will be returning to his job as a research analyst at Garten.

Eric Bailey  
BS, Industrial & Labor Relations  
(Expected)

Eric is a junior in the School of Industrial and Labor Relationsminoring in Business. He currently serves as a Research Associate covering Industrial and Energy & Materials for the Cayuga Fund. On campus, he is the secretary of Phi Chi Theta business fraternity and a member of the Cornell International Affairs Society. He also conducts research in the ILR School on the subject of conflict management in labor relations. In summer 2018, Eric will work as a junior research analyst in an event-driven special situations credit fund at BlackRock’s alternative investments division in New York.

**Elf Korkmaz**
BS, Industrial & Labor Relations  
(Expected)

Elf is a senior in the School of Industrial and Labor Relations, minoring in Business and Viticulture & Enology. She serves as a Research Associate for the Utilities & Telecom sector team in the Cayuga Fund. Previously, she led the Utilities & Telecom sector team for the Cayuga Fund. On campus, Elf serves as a Research Associate for the Consumer sector team in the Cayuga Fund. Elf is a CFA Level I candidate, and she has represented Cornell at the CFA Challenge and Women in Investing Conference. On campus, Elf serves as a teaching assistant for NBA 4120 Equity Research, pre-requisite course for undergraduates in the Cayuga Fund. For past two summers, Elf worked at J.P. Morgan Chase in the Markets and Investor Services division. Upon graduation, she will be joining J.P. Morgan as a Fixed Income Sales analyst.

**Griffin Tatum**
BA, History  
(Expected)

Griffin is a History major in the School of Arts and Sciences. He serves as a Research Associate for the Energy & Materials and Consumer sector teams in the Cayuga Fund. This summer, Griffin worked at Cawen & Co. as an Equities Sales Summer Analyst. This upcoming summer, Griffin will work in investment banking in the Financial Sponsors Group at SunTrust Robinson Humphrey.
Investment Advisors
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Rasmus Gerdeem, MBA ’09, FTI Consulting
Kenneth Gau, MBA ’00, Waddell and Reed
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