Consumer Discretionary A and Real Estate

Jia Ern Cheong & Liz Freeberg
Senior Analysts: Hunter Eiden & Ryan Ring

Agenda

- Consumer Discretionary A
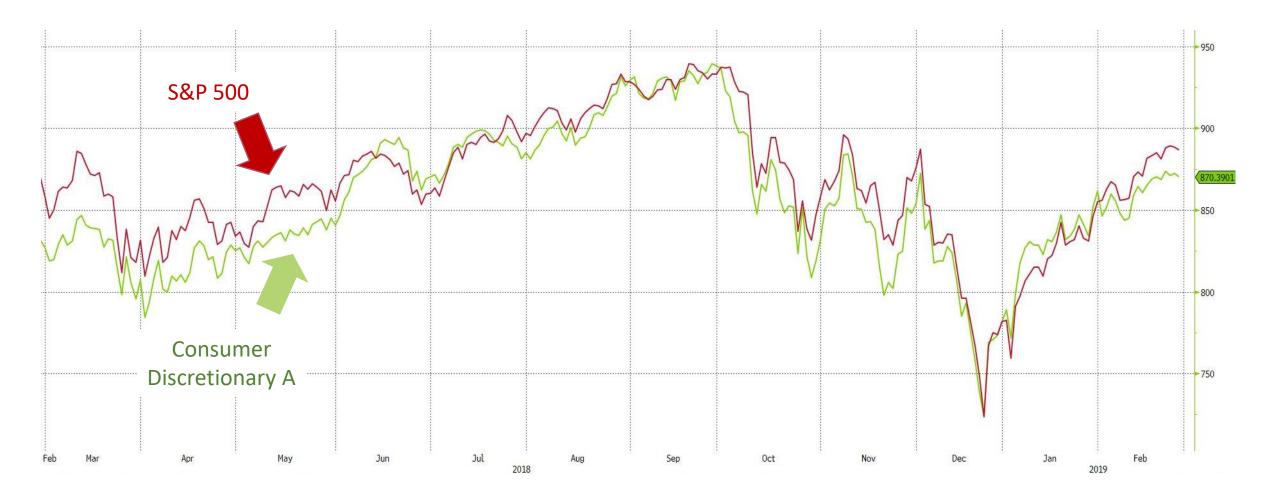- Real Estate
- Current Portfolio Analysis
- Questions

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Consumer Discretionary A

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Stock Comparison

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Top 5 Holdings

Sub-Sector Overview

Commercial Supplies and Services
- Office Furnishings & Supplies
- Cleaning, security, payroll, equipment rentals

Auto & Components
- Auto parts
- Auto manufacturers

Apparel and Textile Products
- Global ERP software
- Better understanding of marketing strategies

Consumer Discretionary A Key Drivers

Changing Consumer Spending Habits
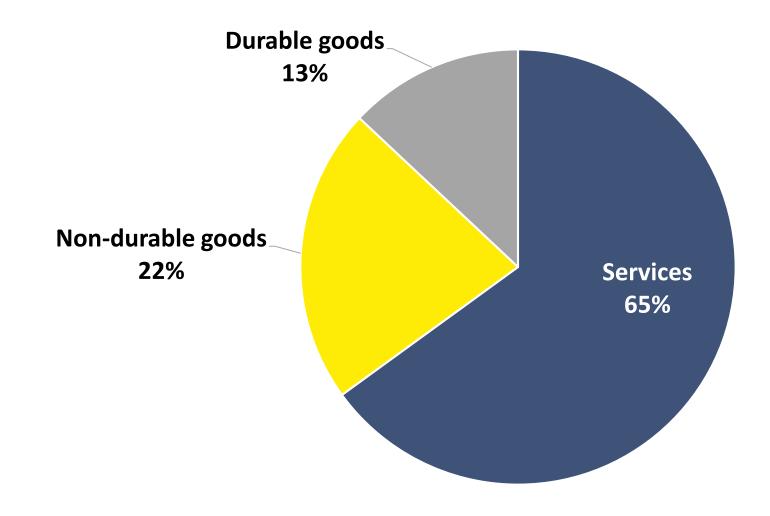
Low Unemployment Rate

Low Cost of Energy

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Changing Consumer Spending Habits

Transition from in-store to online

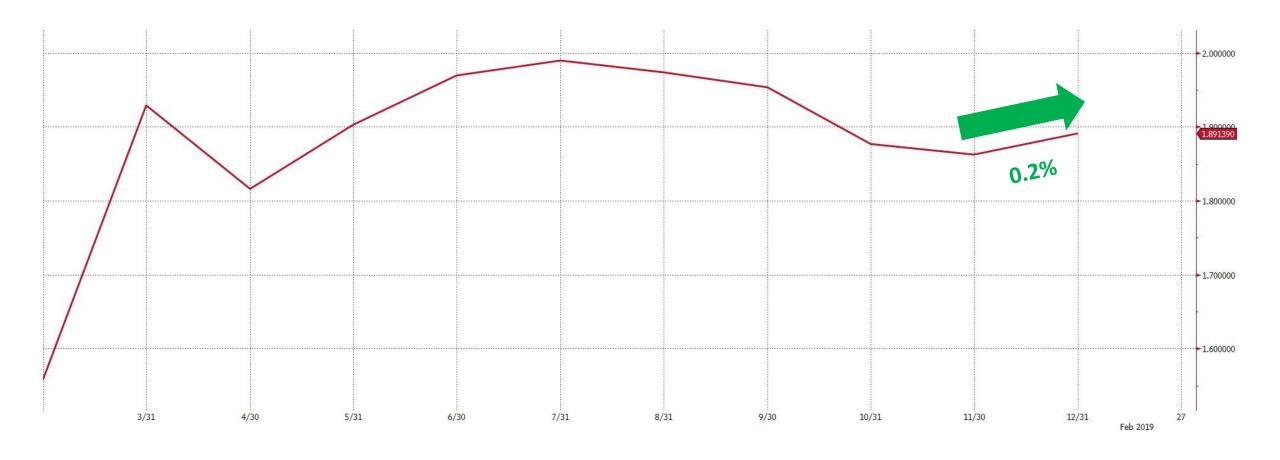Spending less on household goods

Personal Consumer Expenditure Index

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PCE Breakdown

Durable goods
13%

Non-durable goods
22%

Services
65%

PCE Growth

Low Unemployment Rate

Lowest since 2000 (3.9%)

Wage flexibility

Consumer confidence

Low Cost of Energy
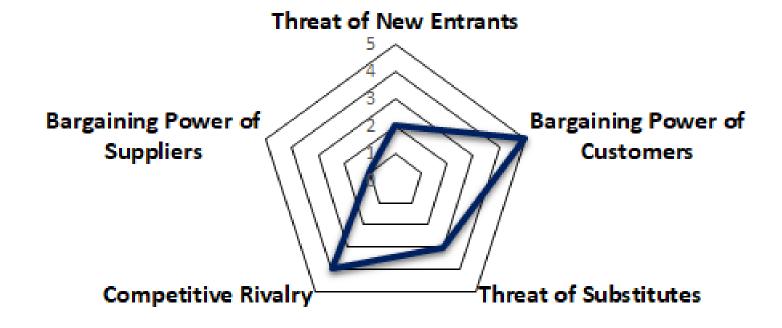
Over supply of oil → Low oil prices → Stabilizing prices in fall

Porters 5-Forces Analysis

Real Estate

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Top 5 Holdings

Real Estate Key Drivers

Interest Rates
- FED rose rates from 2.25% to 2.5%
- FED planed two more increases in 2019

Residential Real Estate
- On-Campus Housing
- Older Single-Family Homes
- Downsizing

Sub-Sector Overview

Retail Real Estate	Residential Real Estate	Infrastructure
• 17% • Malls • Grocery Stores • Big Box Retailers	• 14% • Apartments Buildings • Houses • College Dorms	• 11% • Warehouses • Distribution Centers

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Current Portfolio Holdings

4%

3%

93%

- ■ **Consumer Discretionary A**

- ■ **Real Estate**

- ■ **Others**

Recommendations

 → **HOLD**

 → **HOLD**

 → **HOLD**

Summary of Key Drivers

Consumer Discretionary
- Changing Consumer Spending Habits
- Low Unemployment Rate
- Low Cost of Energy

Real Estate
- Interest Rates
- Residential Real Estate

Questions