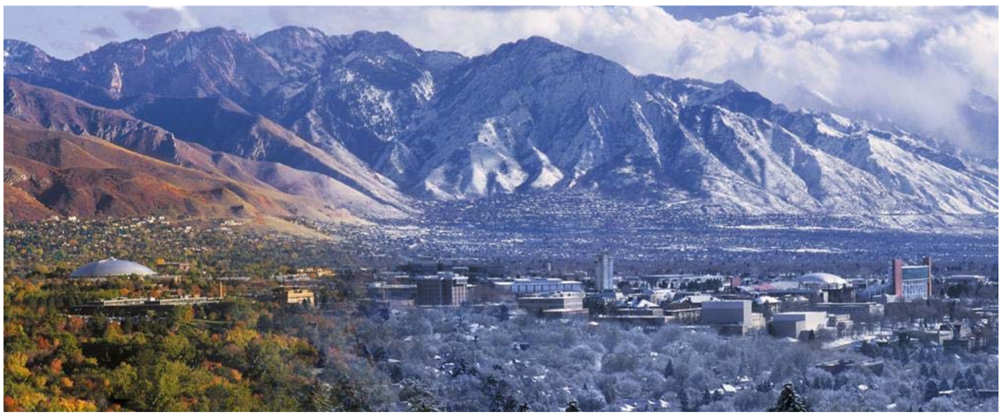
STUDENT INVESTMENT FUND

2008-2009



ANNUAL REPORT

May 8, 2009
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David Eccles School of Business
THE UNIVERSITY OF UTAH

http://org.business.utah.edu/investmentfund

TABLE OF CONTENTS

2008-2009 STUDENT MANAGERS

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Spencer Critchett
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Peter Gebhard
Cameron Hansen
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HISTORY

In October 1998, David Eccles School of Business finance students joined the D.A. Davidson Student Investment Fund program, which allows students to invest $50,000 in a working stock portfolio. The purpose of this program is to bolster student learning in a real-world setting. The original $50,000 remains intact year to year, supported by D.A. Davidson. Any returns above five percent are split in half and shared by the firm and the Student Investment Fund. D.A. Davidson guarantees students against any losses below the original $50,000 mark, which will be replenished year to year if necessary. Since October 1998, D.A. Davidson has given over $20,000 directly to the student portfolio and Bill Child, CEO of R.C. Willey Home Furnishings, has donated another $5,000 to the fund. In March 2004, U students received an additional $50,000 from Hal Milner in a program similar to D.A. Davidson's. Mr. Milner has donated over $7,000 to the School fund based on his portfolio's performance.

Beginning in December 1998, students formed a Student Investment Fund Club and met regularly to develop an investment strategy, research and invest in specific stocks, listen to investment professionals, and to track their investments. The original club was comprised of 12 students and their advisor, Finance Professor Liz Tashjian. That first year, the students eventually selected a strategy of investing in volatile stocks in the technology and finance sectors. Between January and April 1999, the portfolio realized returns of more than 40 percent. In April, the students voted to sell a third of their equity positions to reduce the fund's risk over the summer.

In the fall of 1999, the Student Investment Fund developed from a club into a restricted-enrollment class. The class is limited to 18 students, and students wishing to take it must apply for acceptance. Tashjian teaches the year-round class. The class meets once a week to track the Fund and to research potential investments. Each year, students are required to publish an annual report listing the Fund's activities. In 2003, the class was designated as an honors class. The Fund is subject to an annual audit by fellow students in the accounting society Beta Alpha Psi.

In September 1999, D.A. Davidson calculated earnings from the first year of the Fund, and students earned more than a 35% return. The 2000-2001 class learned some painful lessons about diversification and selling strategies. The group had significant holdings in Global Crossing and Exodus Communications, both telecom companies that eventually filed for bankruptcy. The 2004-2005 class earned returns of about 20%. Over the time they managed the fund, the S&P gained less than 10% and the NASDAQ index was up about 16%. The last three classes have outperformed the NASDAQ and have outperformed the S&P in two of the last three years.

In March 2003, the class made a brief live appearance on CNBC's *Power Lunch* and in January 2004, the class again appeared on CNBC in a segment on D.A. Davidson's Investment Fund program. Since 2001, the class has made regular presentations to distinguished members of the Salt Lake business community.

STRATEGY

Davidson & Milner Portfolios

The 2008-2009 year will be forever accompanied by the label, *extreme stock market volatility*. During our year of management, the VIX volatility index reached unprecedented levels and short term Treasury rates briefly became negative. Equity markets experienced some of the worst losses since the Great Depression, with the S&P declining by 47% from the day we took over the portfolio to March 9, less than six months later. Contrary to many other student managed funds which maintained higher cash positions, we chose to pursue a fairly dynamic portfolio strategy by deploying much of the cash that was on hand in the fall of 2008. During this period, the class generally followed a value-investing strategy, consistently seeking undervalued stocks to purchase recognizing that volatility can potentially provide fruitful value investing opportunities. We made decisions to buy, hold, or sell based on our estimated intrinsic value of each stock resulting in many buy decisions during the fall and many sell decisions during the spring as the market rebounded and many of the stocks we held appreciated to their estimated intrinsic values. We screened prospective investments in light of the economy, and many of the buy decisions were in firms with high cash positions as well as conservative amounts of debt. Because of the economic downturn, most of our decisions were framed by analysts' expectations of performance in a recession.

The class made a "special situations" investment in Puget Energy (PSD), a regulated utility company that provides electric and natural gas service to western Washington State. In October of 2007, a consortium of North American infrastructure investors announced a plan to acquire Puget Energy, but uncertainty accompanied the stock price throughout 2008. The fund purchased the stock during September 2008, and as the deal moved forward, increased the position during January 2009. The deal, structured as a cash acquisition of $30 per share, fixed the exit value of our investment, should the acquisition be completed as announced. We initially purchased the stock at $25.94, and then increased our holdings as the deal became more certain, purchasing more stock at $27.45. The stock also paid a dividend of 54 cents per share (29 cents per share for the second round investment) during our holding period. The acquisition was completed at $30, resulting in gains with a modest degree of risk.

Other positive, notable gains came from the purchase and sale of Netflix (NFLX) and Chipotle class B (CMG-B), as well as other stocks during the 2008-2009 year. We generally held stocks whose prices had not yet reached our estimated intrinsic values. The fund chose to sell certain stocks at losses to prevent further losses from firms that we believed would experience severe disadvantages during the recession. These stocks included Whole Foods (WFMI) and Air Transport Services Group (ATSG). We purchased General Electric (GE) in the fall of 2008 to benefit from government spending; we later sold most of our position as we learned that the firm's dividend was being cut. This was the first dividend cut in GE's history.

During spring semester, the class formed teams to analyze prospective investments for the portfolios. As a class we took a top-down approach to screen for the right stocks to analyze in the midst of the recession, the presidential election, and the economic stimulus spending. This led to the purchase of stocks including Diageo (DEO), Intuitive Surgical (ISRG), and Akamai Technologies (AKAM).

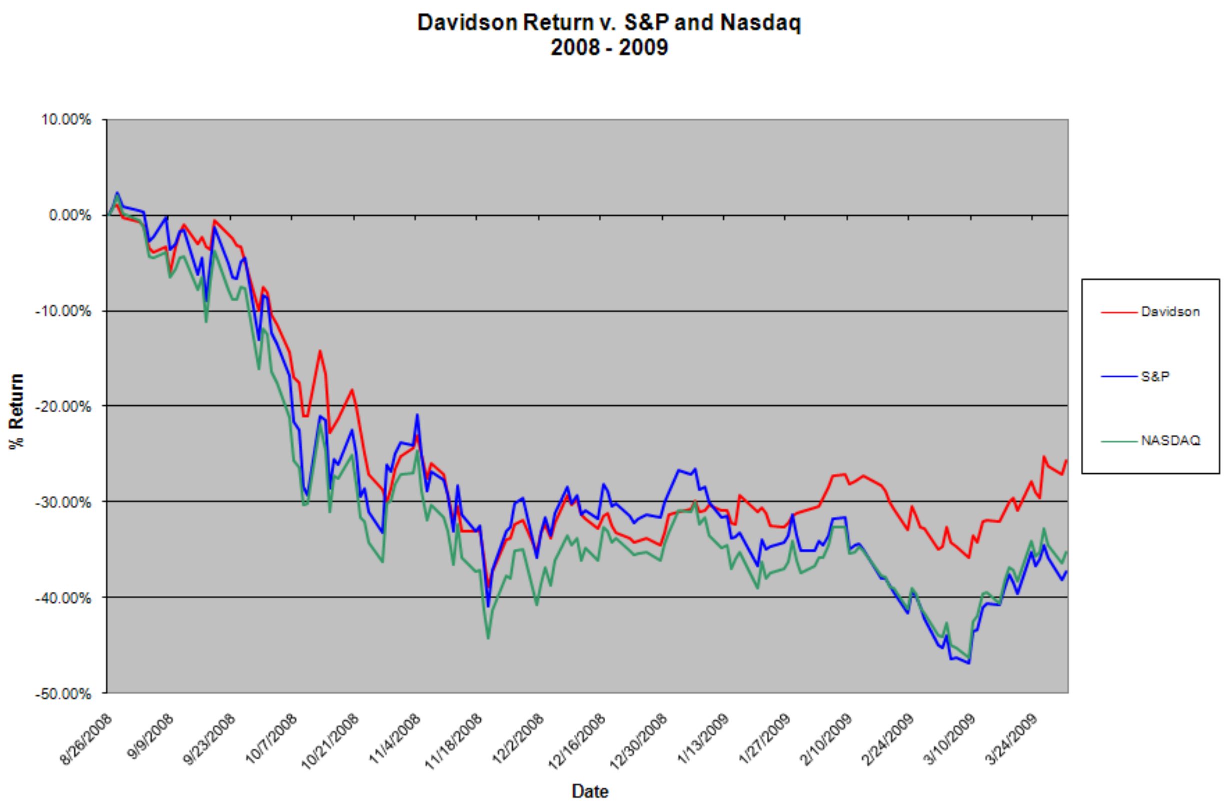
School Portfolio

The School portfolio has been funded by donations to the Student Investment Fund. The capital belongs to the school; therefore, the fund bears losses, as well as enjoying gains. This portfolio is governed by the Student Investment Fund's bylaws. The investment objective for the School portfolio is growth, with a three-to-five year investment horizon. Because of the reeling economy during the 2008-2009 year, the school portfolio was treated conservatively with the addition of Williams Companies, Inc. (WMB), as well as Andarko Petroleum Corporation (APC), following precipitous drops in energy prices.

DAVIDSON PERFORMANCE (through March 31)

Overall

The fund's managers assumed responsibility for the portfolio on August 26, 2008. The graph below tracks the portfolio's performance from that date to March 31, 2009. During that time, the S&P 500 declined 37.25%, the NASDAQ index declined 35.28%, and the Davidson portfolio decreased by 25.68%.



Individual Stock Performance

The chart below tabulates the performance of individual stocks separately for those stocks inherited from prior managers and stocks acquired during the present year.

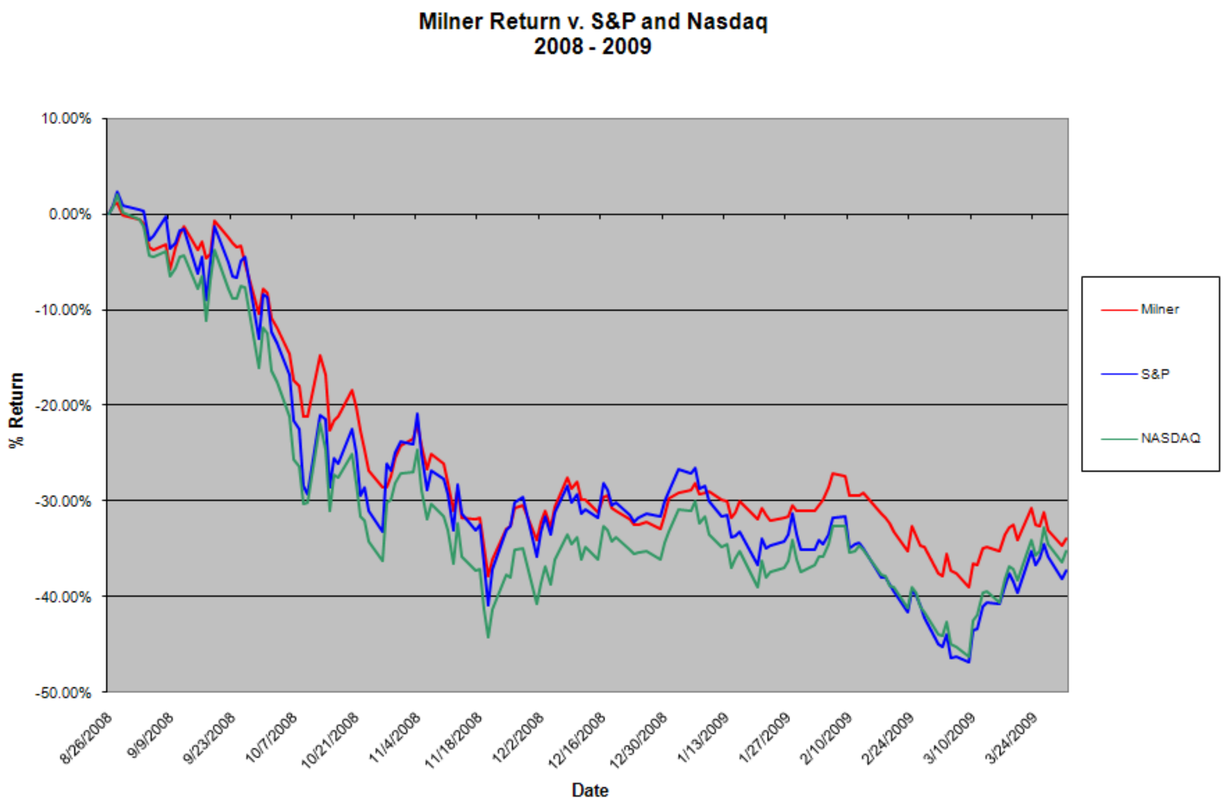
Davidson Portfolio							
Ticker	Shares	Date Aqcuired	Initial Price	Date Sold or Valued	Final Price	Dividend Per Share Holding	Gross Return
Inherited Stocks							
ICLR	300	26-Aug-08	40.57	31-Mar-09	16.15		-60.19%
OXY	54	26-Aug-08	82.51	22-Oct-08	44.90	0.32	-45.19%
CERN	45	26-Aug-08	46.85	31-Mar-09	43.97		-6.15%
ADES	225	26-Aug-08	8.35	19-Dec-08	3.05		-63.47%
WAB	45	26-Aug-08	56.48	31-Mar-09	26.38	0.02	-53.26%
GRMN	45	26-Aug-08	34.46	17-Oct-08	24.32		-29.43%
ALDA	115	26-Aug-08	3.78	31-Mar-09	5.64		49.21%
RIMM	25	26-Aug-08	127.18	31-Mar-09	43.11		-66.10%
CYBS	120	26-Aug-08	16.37	31-Mar-09	14.81		-9.53%
BIK	100	26-Aug-08	24.76	10-Dec-08	15.59		-37.04%
ATSG	565	26-Aug-08	0.97	27-Aug-09	0.96		-1.03%
Acquired Stocks							
PSD	100	24-Sep-08	25.83	6-Feb-09	29.98	0.54	18.17%
PSD	300	15-Jan-09	26.48	6-Feb-09	29.98	0.29	14.33%
SAP	50	5-Nov-08	36.57	31-Mar-09	35.29		-3.50%
WMB	100	5-Nov-08	19.59	31-Mar-09	11.38	0.22	-40.79%
WMB	100	20-Feb-09	11.59	31-Mar-09	11.38	0.11	-0.86%
GE	100	26-Aug-08	16.29	31-Mar-09	10.11	0.31	-36.03%
NFLX	115	18-Feb-09	37.00	31-Mar-09	42.92		16.00%
STP	125	4-Mar-09	5.87	31-Mar-09	11.69		99.15%

Just as major indexes declined from August 26, 2008 to March 31, 2009, most of the stocks in the two portfolios had negative gross returns. A few of the notable losers were Icon PLC (ICLR), Occidental Petroleum Corporation (OXY), ADA-ES Inc. (ADES), Westinghouse Air Brake Technology Corporation (WAB), Research in Motion Ltd. (RIMM), and Williams Companies (WMB). The biggest loser was RIMM, whose price steadily declined from $127.18 to $43.11 over the period representing a loss of 66.10%. Both OXY and ADES were sold because of rapidly declining value. Further analysis appears in the *Analysis of Stocks Sold* section below. We continue to hold RIMM, WAB, and WMB in the portfolios and analyses of these stocks appear in the *Summary of Portfolio Holdings* section. Despite overall losses, the majority of portfolio acquisitions strengthened the portfolio, outperforming market indexes. Notable acquisitions include PSD, NFLX, and Suntech Power Holdings Co. Ltd. (STP). The purchase of PSD was a short-term investment based on a pending company acquisition, netting the portfolios between 14.33% and 18.17% (we made two investments). The performance of NFLX is largely due to the country's desire for cheap entertainment in the current recession as well as the availability streaming movies via the internet. STP has experienced large growth due to the company's ability to exploit technological resources overseas, as well as growing trends in alternative energy.

MILNER PERFORMANCE (through March 31)

Overall

Initially, the Milner portfolio was structured to replicate the Davidson portfolio. When Mr. Miller decided to leave gains in the portfolio and not reset its value to $50,000 each September, prior managers invested additional cash in the Milner portfolio in an index fund, and then began purchasing a proportionately higher amount of each stock in the Milner portfolio so that portfolio weights remained similar between the Davidson and Milner portfolios. The 2008-2009 managers decided to pursue similar strategies with both portfolios, but began making some different investments in the two portfolios. Between the time we began managing the portfolio and March 31, 2009, the S&P 500 declined 37.25%, the NASDAQ index declined 35.28%, and the Milner portfolio decreased by 33.97%.



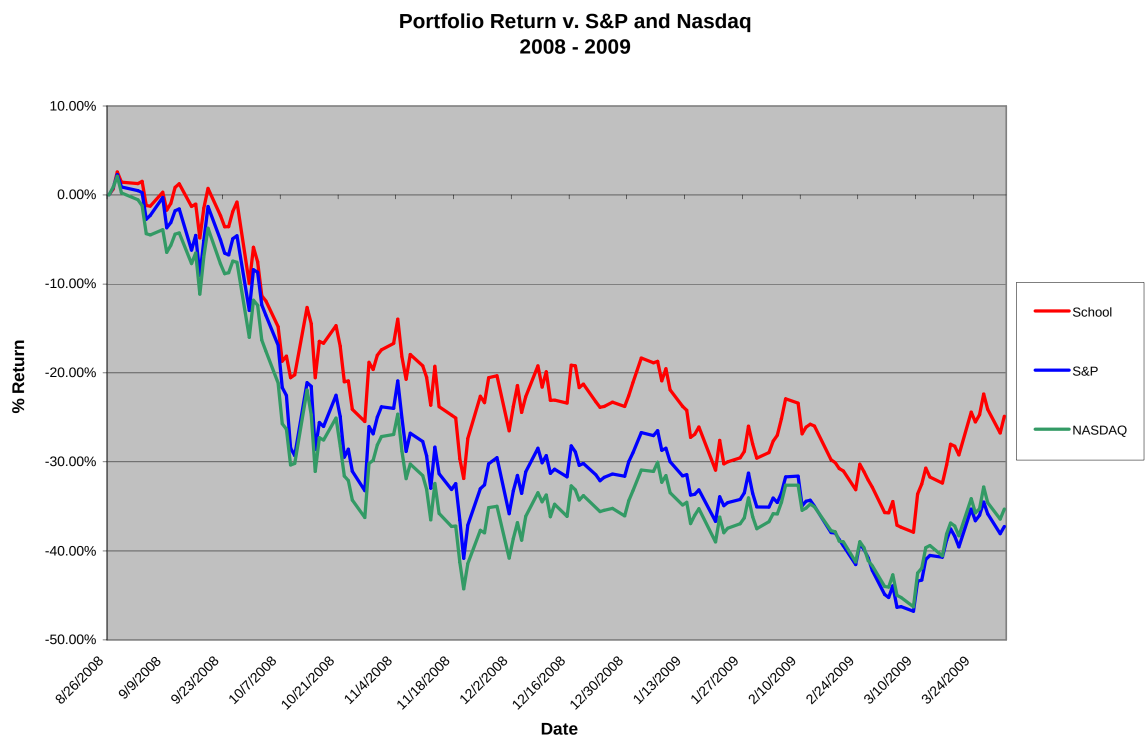
Individual Stock Performance

Milner Portfolio							
Ticker	Shares	Date Acquired	Initial Price	Date Sold or Valued	Final Price	Dividend Per Share Holding	Gross Return
Inherited Stocks							
RIMM	40	26-Aug-08	127.18	31-Mar-09	43.11		-66.10%
ATVI	100	22-Oct-08	12.31	31-Mar-09	10.46		-15.03%
ICLR	300	26-Aug-08	40.57	31-Mar-09	16.15		-60.19%
CYBS	180	26-Aug-08	16.37	31-Mar-09	14.81		-9.53%
OXY	66	26-Aug-08	82.51	22-Oct-08	46.13	0.32	-44.48%
CERN	55	26-Aug-08	46.85	31-Mar-09	43.97		-6.15%
ADES	275	26-Aug-08	8.35	9-Dec-08	3.66		-56.17%
BIK	150	26-Aug-08	24.76	10-Dec-09	15.59		-37.04%
WAB	55	26-Aug-08	56.48	31-Mar-09	26.38	0.01	-53.31%
GRMN	55	26-Aug-08	34.46	8-Oct-08	24.41		-29.16%
IVE	75	26-Aug-08	63.86	31-Mar-09	37.2	1.35	-43.86%
ALDA	135	26-Aug-08	3.78	31-Mar-09	5.64		49.21%
Acquired Stocks							
PSD	100	24-Sep-08	25.83	6-Feb-09	30	0.54	14.05%
SAP	65	5-Nov-08	37.7	31-Mar-09	35.29		-6.39%
WMB	120	5-Nov-08	19.488	31-Mar-09	11.38	0.22	-42.73%
WMB	100	20-Feb-08	11.06	31-Mar-09	11.38	0.11	1.90%
GE	130	12-Nov-08	16.29	27-Jan-08	13	0.31	-22.10%
HES	75	23-Jan-09	52.43	31-Mar-09	54.2	0.01	3.36%
DEO	100	4-Feb-09	55.43	31-Mar-09	44.75		-19.27%
AKAM	200	25-Feb-09	18.31	31-Mar-09	19.4		5.95%
ABB	150	20-Mar-09	14.22	31-Mar-09	13.94		-1.97%
UA	100	5-Dec-08	23	31-Mar-09	16.43		-28.57%

SCHOOL PERFORMNACE (through March 31)

Overall

From August 26, 2008, to March 31, 2009, the S&P 500 dropped 37.3% and the NASDAQ index declined 35.3%. Over that interval, the School portfolio fell by 24.9%.



Individual Stock Performance

Over the academic year, the School portfolio has consisted of 14 stocks, which include five service stocks (Air Transport Service Group, Comcast Corporation, Luxottica Group, Whole Foods, and Chipotle class B), three technology stocks (Activision Blizzard Inc., Microsoft Corporation, and Seagate Technology), and two stocks each in the energy sector (Anadarko and Williams), the financial sector (The Bank of New York Mellon Corporation and Greenhill & Co. Inc.), and the industrial sector (Deere & Co. and General Electric).

School Portfolio							
Ticker	Shares	Date Acquired	Initial Price	Date Sold or Valued	Final Price	Dividend	Gross Return
Inherited Stocks							
ATSG	600	26-Aug-08	0.97	27-Aug-08	0.9508	0.00	-1.98%
ATVI*	200	26-Aug-08	16.3	31-Mar-09	10.46	0.00	-35.83%
BK	67	26-Aug-08	33.83	31-Mar-09	28.25	0.48	-15.08%
CMCSA	150	26-Aug-08	21.09	31-Mar-09	13.64	0.1251	-34.73%
DE	70	26-Aug-08	66.94	31-Mar-09	32.87	0.56	-50.06%
GHL	35	26-Aug-08	63.82	31-Mar-09	73.85	1.35	17.83%
LUX	150	26-Aug-08	24.38	31-Mar-09	15.40	0.00	-36.83%
MSFT	200	26-Aug-08	27.27	31-Mar-09	18.37	0.37	-31.28%
STX	100	26-Aug-08	15.62	22-Oct-08	8.0217	0.00	-48.64%
WFMI	80	26-Aug-08	17.87	10-Sep-08	18.09	0.00	1.23%
Acquired Stocks							
WMB	50	5-Nov-08	19.52	31-Mar-09	11.38	0.22	-40.57%
GE	100	12-Nov-08	17.07	27-Jan-09	13	0.31	-22.03%
APC	50	3-Dec-08	37	31-Mar-09	38.89	0.18	5.59%
CMG.B	45	26-Nov-08	43.92	27-Mar-09	58.6	0.00	33.42%

* split adjusted

From August 26, 2008, to March 31, 2009, nine of the 14 stocks in the portfolio suffered double-digit percentage losses, most of which can be attributed to their cyclical business nature. The most notable loser is Deere & Co. (DE), which declined from $66.94 to $32.87. DE manufactures and distributes products and services for agriculture and forestry worldwide. Of the nine notable losers, the fund sold Seagate Technology (STX) and GE. The fund continues to hold Activision Blizzard Inc. (ATVI), The Bank of New York Mellon Corporation (BK), Comcast Corporation (COMCSA), DE, Luxottica Group SpA (LUX), Microsoft Corporation (MSFT), and Williams (WMB). The notable gainers in the School portfolio over the period were Greenhill & Co. Inc. (GHL) at 17.83% and Chipotle class B (CMG-B) at 33.42% (which the fund sold on Mach 27, 2009 to realize the profits). The fund also sold Air Transport Service Group (ATSG) and Whole Foods (WFMI).

ANALYSIS OF HOLD AND SELL DECISIONS (as of March 31)

Analysis of Hold Decisions

This year has seen the most trying recession of our generation with market losses at extraordinary rates. The tables below compare the performance of the stocks in our portfolio as of March 31 to the performance of the S&P. For stocks we inherited, returns on the stock and the index are computed from the date we inherited the portfolio; for stocks we purchased, the return on both the stock and the index are computed from the date of our investment.

Davidson Portfolio

	Gross return	S&P return
Davidson Portfolio		
ICLR	-60.19%	-37.25%
CERN	-6.15%	-37.25%
WAB	-53.26%	-37.25%
ALDA	49.21%	-37.25%
RIMM	-66.10%	-37.25%
CYBS	-9.53%	-37.25%
SAP	-3.50%	-16.26%
WMB	-40.79%	-16.26%
GE	-36.03%	-6.39%
NFLX	16.00%	1.20%
WMB	-0.86%	3.61%
STP	99.15%	11.92%

Although we have sustained losses on nine of the 12 stocks in the Davidson portfolio, six of the 12 stocks have outperformed the market.

Milner Portfolio

	Gross Return	S&P return
Milner Portfolio		
RIMM	-66.10%	-37.25%
ICLR	-60.19%	-37.25%
CYBS	-9.53%	-37.25%
CERN	-6.15%	-37.25%
WAB	-53.26%	-37.25%
IVE	-39.63%	-37.25%
ALDA	49.21%	-37.25%
ATVI	-15.03%	-11.03%
WMB	-40.48%	-16.26%
UA	-28.57%	-8.93%
HES	3.40%	-4.10%
DEO	-19.27%	-4.13%
WMB	3.89%	3.61%
AKAM	5.95%	4.31%
ABB	-1.97%	3.82%

Only four out of 15 stocks in the Milner portfolio have yielded positive returns since being purchased. Six of the 15 stock we currently hold have outperformed the S&P over our holding period.

School Portfolio

	Gross Return	S&P return
School Portfolio		
ATVI	-35.83%	-37.25%
BK	-15.08%	-37.25%
CMCSA	-34.73%	-37.25%
DE	-50.06%	-37.25%
GHL	17.83%	-37.25%
LUX	-36.83%	-37.25%
MSFT	-31.28%	-37.25%
WMB	-40.57%	-16.26%
APC	5.59%	-8.37%

Our hold decisions have been better in the School portfolio, with seven of nine investments outperforming the S&P index. Nonetheless, we have lost money on more than 75% of our positions.

Analysis of Sell Decisions

In this section, we analyze the quality and accuracy of our decisions to sell our holdings. The method we use in the analysis identifies avoided losses or foregone gains we could have sustained had we held onto our holdings until April 15, 2009. Furthermore, the analysis also includes forgone losses (avoided gains) based on the highest and the lowest price for these stocks after we made decision to sell. The forgone gain (avoided loss) based on the lowest prices suggests the overall quality of our sell decisions. On the other hand, the forgone gain (avoided loss) based on the highest prices would suggest the timing accuracy, and indicated how far off we were from the perfect sell call. It is important to note that the analysis ignores our holding period return (HPR) for these stocks.

Davidson

Stocks that we held in the Davidson portfolio and sold during our tenure are: OXY, ADES, GRMN, BIK, ATSG, PSD, and NFLX. Of seven stocks we sold, ADES, GRMN, and ATSG are currently trading below our sale price. The best sell decision was made on August 27, 2008, when we decided to sell ATSG, which is currently trading 19% below our sale price. On October 22, 2008, we sold OXY on October 22, 2008 for a price that was 27% lower that the current stock price. This was a bad decision ex post.

Based on the market prices on April 15, 2009, the average avoided loss for Davidson portfolio is 1.4%. Although the average and the median avoided losses based on the lowest price levels are 21.6% and 7.2% respectively, the average and the median forgone gain had we made the perfect sell call are 21.4% and 5.1% respectively. These results indicate that we could have done a better job in timing our sell decision for Davidson portfolio.

Milner portfolio

Stocks that we held in the Milner's portfolio and sold during our tenure are: OXY, GRMN, BIK, ATSG, PSD, and GE. Of six stocks we sold, GRMN, ATSG and GE are currently trading below our sale price. As with Davidson portfolio, the best decision was to sell ATSG, and our worst sell decision was selling OXY.

Based on the market prices on April 15, 2009, the average and the median avoided loss for Milner portfolio are 1.0% and 4.5% respectively. On the other hand, the average avoided loss based on the lowest price levels is 32.3% (median 27.5%) suggesting that the quality of our sale decisions was excellent.

School portfolio

Stocks that we held in the School portfolio and sold during our tenure are: STX, WFMI, ATSG, GE, and CMG.B. Of five companies, STX, WFMI, ATSG and GE are currently trading below our sale price therefore we believe these were our good sell decisions. Of four stocks, the best sell decision was the STX with the avoided loss of 27%. However, we have forgone a gain of 10% by selling CMB.B. We sold CMG.B just recently; hence it is too early to qualify this decision given the recent market volatility.

Based on the stock prices as of April 15, 2009, the average and the median avoided loss for the school portfolio was 9.5% and 9.1% respectively. Given the lowest price level at which these stocks were trading after we sold them, the average and the median avoided loss were 58.1% and 54.7% respectively. This suggests that our decisions to sell these stocks were very accurate as we were able to identify major stock declines that followed after the sale.

Ticker	purchase date	price/ share	# shares	sale date	price/ share	April 15 price	Current - % Forgone gain (Avoided loss)	Sale Date to April 15 high	High - % Forgone gain (Avoided loss)	Sale date to April 15 low	Low - % Forgone gain (Avoided loss)
Davidson Portfolio											
OXY	30-Jan-06	94.3	27	22-Oct-08	45.87	58.34	27.2%	61.46	34.0%	40.18	-12.4%
ADES	21-Sep-06	11.296	225	10-Dec-08	3.43	2.95	-14.0%	5.90	72.0%	2.45	-28.6%
GRMN	8-Mar-07	53.03	45	8-Oct-08	25.56	21.67	-15.2%	26.42	3.4%	14.55	-43.1%
BIK	16-Jan-08	29.3644	100	8-Dec-08	15.47	17.00	9.9%	23.48	51.8%	15.17	-1.9%
ATSG	20-Feb-08	3.3999	565	27-Aug-08	0.95	0.77	-19.3%	0.99	3.8%	0.12	-87.4%
PSD	24-Sep-08	25.95	100	6-Feb-09	30.00	30.00	0.0%	30.00	0.0%	30.00	0.0%
PSD	15-Jan-09	27.456	300	6-Feb-09	30.00	30.00	0.0%	30.00	0.0%	30.00	0.0%
NFLX	18-Feb-09	37.274	125	9-Apr-09	46.42	46.59	0.4%	49.42	6.5%	46.59	0.4%
Average							**-1.4%**		**21.4%**		**-21.6%**
Median							**0.0%**		**5.1%**		**-7.2%**
Milner Portfolio											
OXY	30-Jan-06	94.3	33	22-Oct-08	46.13	58.34	26.5%	61.46	33.2%	40.18	-12.9%
GRMN	8-Mar-07	53.03	55	8-Oct-08	25.09	21.67	-13.6%	26.42	5.3%	14.55	-42.0%
BIK	16-Jan-08	29.3644	150	10-Dec-08	15.60	17.00	9.0%	23.48	50.5%	15.17	-2.7%
ATSG	20-Feb-08	3.3999	1135	27-Aug-08	0.95	0.77	-19.0%	0.99	4.2%	0.12	-87.4%
PSD	24-Sep-08	25.948	100	6-Feb-09	30.00	30.00	0.0%	30.00	0.0%	30.00	0.0%
GE	12-Nov-08	17.16	130	27-Jan-09	13.00	11.82	-9.1%	13.11	0.8%	6.66	-48.8%
Average							**-1.0%**		**15.7%**		**-32.3%**
Median							**-4.5%**		**4.7%**		**-27.5%**
School Portfolio											
STX	3-Nov-05	15.5495	100	22-Oct-08	8.02	5.85	-27.1%	8.02	0.0%	3.09	-61.5%
WFMI	23-Jan-08	37.79	80	10-Sep-08	18.09	17.66	-2.4%	20.75	14.7%	8.19	-54.7%
ATSG	20-Feb-08	3.405	600	27-Aug-08	0.95	0.77	-19.0%	0.99	4.1%	0.12	-87.4%
GE	12-Nov-08	17.07	100	27-Jan-08	13.00	11.82	-9.1%	13.11	0.8%	6.66	-48.8%
CMG.B	26-Nov-08	43.8	45	27-Mar-09	58.60	64.45	10.0%	54.78	-6.5%	64.35	9.8%
Average							**-9.5%**		**2.6%**		**-58.1%**
Median							**-9.1%**		**0.8%**		**-54.7%**

We believe that our sell decision on average were good, given that most of the stocks we sold are currently trading (as of April 15, 2009) below our sale price. At the same time, the analysis also indicates that the overall quality of our sell decision was excellent provided that most stocks were on average trading well below our sale price at some point after the sale was made. However, the timing of our decisions was a little off given that some stocks were trading at higher prices at some point after the sale was made.

SUMMARY OF PORTFOLIO HOLDINGS (as of March 31)

ABB Ltd. (ABB)

Portfolio:	Milner		
Purchased:	Mar 24, 2009		
Purchase Price:	$14.22		
Inherited Price:	N/A	Current Price:	$13.94

ABB is an international company based in Zurich, Switzerland. The company is listed on the New York Stock Exchange as an ADR. ABB Ltd provides power and automation technologies to utility and industrial customers worldwide. The company's Power Products division provides products and services for power transmission and distribution, which include high-and medium-voltage switchgear, circuit breakers, power and distribution transformers, sensors and other power transmission products. The Power Systems division provides various systems and services for power generation, transmission, and distribution comprising substations, high-voltage power converters, and advanced cables for underground and sub-sea power transmission; and systems to automate and control power plants, electrical, and other utility networks. ABB Ltd. also has an automation division and a robotics division.

The fund purchased ABB to capture some exposure to the stimulus packages released by governments around the globe. The US, China, and European Union all created some type of spending package to combat a slowing global economy in 2008-2009. We believe that ABB is the most "shovel ready" company set to receive funds from the stimulus in every part of the world. With an increase in demand for more efficient power transmission and with the establishment of new or improved grid systems throughout the globe, ABB will directly benefit from this government spending.

Akamai Technologies, Inc.(AKAM)

Portfolio:	Milner		
Purchased:	Feb 25, 2009		
Purchase Price:	$19.40		
Inherited Price:	N/A	Current Price:	$18.31

Akamai Technologies provides services for accelerating and improving delivery content over the internet. The company operates over 15,000 servers around the world that cache internet data and allow for quick load times of streaming data for different businesses. Clients include Hulu.com, Yahoo.com, ESPN.com, and CNN.com.

The competition for internet delivery has picked up in recent years and data delivery is starting to be priced as a commodity. However, unlike its competitors, AKAM offers many value added services such as Application Performance solutions, IP Application Accelerator, and Digital Asset Solutions that allow it to charge additional fees and give the company the highest margins in the industry. In fact, AKAM is the only company in its space that makes a profit. The fund sees the company's key competitive advantages to be its first mover advantage and skilled management, led by many MIT graduates who have developed proprietary algorithms to help direct internet traffic through the company's servers efficiently.

A DCF valuation by the Fund's managers puts the AKAM share price at $24. We would recommend selling the stock if it hits this target within the next year or if the competitive landscape changes dramatically. A catalyst that might suggest holding the stock beyond the $24 price is the adoption of HD content on the web, which will increase the bandwidth usage from AKAM's customers and increase revenues.

<u>Aldila (ALDA)</u>

Portfolio:	Davidson, Milner		
Purchased:	Apr 4, 2007 (Davidson, Milner)		
Purchase Price:	$15.93 (Davidson, Milner)		
Inherited Price:	$3.78	Current Price:	$5.64

Aldila, Inc. was inherited by our class. The company manufactures graphite golf shafts and sells them to golf club manufactures, distributors, and repair shops. The company began manufacturing carbon fiber golf shafts in 1972 and has since developed a reputation for consistent performance. According to a Darrell Survey, the best players choose Aldila shafts for their driver, woods, and hybrids. We believe that one reason the stock was depressed was because of Tiger Woods's absence from the tour due to knee surgery. With Tiger Woods's return increasing interest in golf, along with the emergence of Aldila's new VooDoo shaft as one of the leading shafts on the PGA Tour, the Student Investment Fund believes that holding Aldila stock will be beneficial to the portfolio.

<u>Anadarko Petroleum Corporation (APC)</u>

Portfolio:	School		
Purchased:	Dec 3, 2008		
Purchase Price:	$36.33		
Inherited Price:	N/A	Current Price:	$38.89

Anadarko Petroleum Corporation engages in the exploration and production of oil and gas properties primarily in the United States, the deep water of the Gulf of Mexico, and Algeria. The company markets natural gas, crude oil, condensate, and oil and natural gas liquids (NGLs), and also owns and operates natural gas gathering, treating, and processing systems. In addition, it purchases natural gas, crude oil, condensate, and NGL volumes for resale. Anadarko Petroleum Corporation also has operations in China, Brazil, Ghana, and Indonesia. The company was founded in 1959 and is headquartered in The Woodlands, Texas.

Like a number of firms in the energy sector, APC's shares hit an all-time high during the summer months of 2008 when crude oil prices topped out near $150 per barrel. As the year progressed, firms in the sector saw their market caps dwindle along with crude prices. APC's shares looked extremely underpriced at a 52-week low of $24.57 in early October. Several methods of valuation, including discounted cash flow analysis and a multiples approach, priced the stock at about $65 per share. Also, APC retired a large amount of short-term debt in efforts to fortify the firm's balance sheet. This financial responsibility, along with promising new oil wells in Mozambique and the Gulf of Mexico, made APC's shares appealing to the Fund.

<u>Activision Blizzard, Inc. (ATVI)</u>

Portfolio:	School, Milner		
Purchased:	Mar 7, 2008 (School), Oct 20, 2008 (Milner)		
Purchase Price:	$13.50* (School), $12.41 (Milner)		
Inherited Price:	$16.25	Current Price:	$10.46

*Split adjusted

Activision Blizzard Inc. (ATVI), a subsidiary of the French company Vivendi S.A., is the leading online and console game developer and publisher. The company has its headquarters in Santa Monica, California. Activision Blizzard was created through the merger between Activision and Vivendi Games, which was announced in December 2007 and completed in July 2008.

Activision Blizzard Inc. produces game software that can be played on a variety of hardware platforms, including Xbox, Playstation, and Nintendo, as well as other portable devices and personal desktop computers. The company's strategy consists of purchasing and partnering with leading developer and successful intellectual property rights owners. Game titles in Activision Blizzard's portfolio include Guitar Hero, Call of Duty, StarCraft and World of Warcraft.

In October 2008 the fund decided to purchase an additional 100 shares for the Milner Fund in expectation of a promising holiday season.

<u>Bank of New York Mellon Corp. (BK)</u>

Portfolio:	School		
Purchased:	Mar 5, 2008		
Purchase Price:	$36.33		
Inherited Price:	$33.15	Current Price:	$28.25

The Bank of New York Mellon Corporation provides a wide range of financial services, including wealth and asset management, asset servicing, issuer services, and clearing and execution services. The Bank of New York Mellon Corporation was purchased by the 2007-08 fund managers as a long-term investment in the School portfolio. The investment thesis was that the financial services industry was hit particularly hard by the financial crisis and that many firms were trading at a discount, despite the fact that many firms had limited exposure to the subprime mortgage meltdown. The Bank of New York Mellon Corporation was thought to be an institution with limited exposure to the subprime mortgages and would offer an attractive opportunity to diversify into the financial sector. The current fund managers elected to hold The Bank of New York Mellon Corporation in hopes that in the long term, the School portfolio will benefit from this holding as the financial services sector begins to recover from the losses experienced during the financial crisis.

Cerner Corp. (CERN)

Portfolio:	Davidson, Milner		
Purchased:	Feb 10, 2006 (Davidson, Milner)		
Purchase Price:	$42.10 (Davidson, Milner)		
Inherited Price:	$46.85	Current Price:	$43.97

Cerner Corporation is a supplier of healthcare information technology, devices, and services in North and South America, Europe, the Middle East, and the Asia Pacific region. It targets organizations from large hospitals to small, single doctor practices. The company designs software systems, such as the Cerner Millennium System, that provide healthcare institutions with electronic medical records and organized information at the point of care. The software systems are completely customizable.

We inherited Cerner Corporation from the 2007-2008 class at a price of $46.25. Current fund managers have held this stock because we believed the company has a strong business foundation, even in a time of economic volatility. Moreover, recent events such as President Obama’s election and his $11 billion push for electronic medical records should help this stock. The $11 billion will go directly to hospitals and other healthcare offices as incentives for upgrading to electronic medical records. Cerner Corporation continues to be a solid business, and with the political events that have ensued, it should be able to bounce back from this tough year in the near future.

Comcast (CMCSA)

Portfolio:	School		
Purchased:	Jan 17, 2007		
Purchase Price:	$29.99*		
Inherited Price:	$20.85	Current Price:	$13.58

*Split adjusted

Comcast Corporation offers cable, telephone, and Internet services to approximately 50.6 million homes in the United States. It is currently the largest cable company when measured by number of subscribers. Although the company is operating in an intensely competitive industry, we believe that Comcast is well positioned to earn attractive returns over time.

While the industry is saturated and Comcast faces cable and satellite competitors, we believe the company has many advantages that will allow it to survive and flourish long term. Comcast has a vast customer base, which affords it economies of scale. This customer base also gives the company an advantage in acquiring content and additional customers. It is important to note that in recent years Comcast has been able to sustain its customer base, unlike many of its competitors. Additionally, Comcast has a network that allows it to offer a full complement of cable, television, and Internet, which has been a service that many of its competitors, such as Verizon, have attempted to replicate. As Comcast was a first mover in offering multiple services, it has an advantage that new entrants do not.

Our analyst valued one share of Comcast at $22.17. The stock's 52-week range is $11.10 and $22.86. Therefore, the fund's managers decided to continue holding Comcast.

<u>Cybersource Corporation (CYBS)</u>

Portfolio:	Davidson, Milner		
Purchased:	Nov 27, 2007 (Davidson, Milner)		
Purchase Price:	$15.16 (Davidson, Milner)		
Inherited Price:	$16.37	Current Price:	$14.81

Cybersource was founded in 1996, at the beginning of E-commerce, and is considered to be the first online payment processor. Cybersource started by creating electronic payment and fraud detection technology. Products and services offered by Cybersource to assist merchants in managing transactions include payment processing services, enterprise software, and professional services.

Online retailers which largely started with accepting credit cards as a form of payment must now adapt to new forms of payment including debit cards, electronic checks, gift cards, PayPal™, and Bill Me Later® for customer satisfaction and security purposes. As E-commerce grows and expands, more merchants are going global with their online services. However, with international expansion comes greater requirements and risks, such as supporting more payment options, currency conversion, meeting regulatory requirements, and increased fraud risk. Online retail transactions were forecasted in 2007 to nearly double by 2012. This gives fraud detection technology developers and payment processors, like Cybersource, a positive outlook for growth far into the future. Cybersource recently acquired Authorize.net in November of 2007, significantly increasing its assets and operating capacity, and discontinued BidPay, a less profitable branch of the firm.

<u>Deere & Company (DE)</u>

Portfolio:	School		
Purchased:	Nov 30, 2005		
Purchase Price:	$34.63*		
Inherited Price:	$65.62	Current Price:	$32.87

*Split adjusted

John Deere operates three main business segments. Through its agricultural equipment manufacturing subsidiary, Deere manufactures and distributes a line of farm equipment and related service parts, including tractors; combine, cotton and sugarcane harvesters; tillage, seeding and soil preparation machinery; sprayers; hay and forage equipment; integrated agricultural management systems technology, and precision agricultural irrigation equipment. Through its two subsidiaries, commercial and consumer equipment, Deere manufactures and distributes equipment for commercial and residential use. Fund managers believe the Deere is a strong long-term play because of its global exposure to agriculture. Although the stock price has declined significantly over the course of the year due to volatile commodity prices, managers believe the fast-growing worldwide population will generate high demand for Deere's products in the future.

Diageo PLC (DEO)

Portfolio:	Milner		
Purchased:	Feb 4, 2009		
Purchase Price:	$55.43		
Inherited Price:	N/A	Current Price:	$44.75

Diageo PLC is a UK-based international alcoholic drinks company engaging in the production, distillation, brewing, bottling, packaging, distribution, development, and marketing of alcoholic beverages. The company was formed in 1997 by a merger between Grand Metropolitan PLC and Guinness PLC. Over the last ten years, the company has shed extraneous consumer brands, most notably Burger King and Pillsbury in 2001, to focus solely on the alcoholic beverage market. The company has made a series of acquisitions to bolster its product offerings, including Rosenblum wineries in 2008, Bushmills Scotch distilleries in 2005, and a collection of Seagrams brands in 2001. The company is traded on the London Stock Exchange (DGE) and the New York Stock Exchange (DEO) as an American Depositary Receipt. The fund decided to invest in Diageo because of its belief that the spirits industry would be less affected by the recession than most companies and that Diageo had enough cash reserves to weather the downturn and potentially acquire additional brands.

General Electric Company (GE)

Portfolio:	Davidson		
Purchased:	Nov12, 2008		
Purchase Price:	$17.15		
Inherited Price:	N/A	Current Price:	$10.11

General Electric Company (GE) is a diversified technology, media, and financial services company. With products and services ranging from aircraft engines, power generation, water processing and security technology to medical imaging, business and consumer financing, media content and industrial products, it serves customers in more than 100 countries. In July 2008, the Company announced the organization of its business into four segments: GE Technology

Infrastructure, GE energy infrastructure, GE Capital and Corporate Treasury, and NBC Universal.

GE was purchased by the fund in November following a recent price decline from the mid-20s. The fund's managers felt the company as a whole was solid despite the weakening of GE Capital, its finance division. Additionally, the fund felt the company's Triple-A credit rating and global footprint would position it well in the recession. Although the company posted a 6% increase in revenue in 2008, profits declined by 23% compared to 2007. The company continues to be held in the Davidson portfolio in anticipation of a long-term turnaround.

<u>Greenhill and Co. (GHL)</u>

Portfolio:	School		
Purchased:	Nov 15, 2006		
Purchase price:	$69.73		
Inherited price:	$62.53	Current price:	$73.85

The current fund managers inherited GHL from the previous year's class. Greenhill and Co. is an independent investment banking firm with two principal divisions: financial advisory and merchant banking. Its financial advisory division focuses primarily on financial advisory services including mergers, acquisitions, and restructurings, and constitutes roughly 90% of its revenues. GHL's merchant banking funds focus on financial services, energy, and telecommunications companies and constitute 10% of revenues.

The managers decided to continue to hold GHL both because of its experienced management and the advancement of its strategic initiatives. These initiatives included the firm's first entry into Asian markets through a new office in Tokyo, as well as the opening of new offices in Chicago and San Francisco. GHL has also expanded its corporate advisory business into new industry sectors focused on health care devices, health care services, industrials, and paper and forest products. The fund also felt that it would be immune to the increasing credit problems in the financial industry. It has fared much better than other financial institutions, and is one of only a few independent investment banks still in existence on Wall Street. Since inheriting the stock, its price has been volatile, closing as high as $85 and as low as $55. The fund may want to consider selling GHL on an upswing near $80.

<u>Hess Corporation (HES)</u>

Portfolio:	Milner		
Purchased:	Jan 23, 2009		
Purchase price:	$52.28		
Inherited price:	N/A	Current price:	$54.20

Hess Corporation engages in the exploration, development, production, purchase, transportation, and sale of crude oil and natural gas worldwide. It operates in two segments, exploration and production, and marketing and refining. The exploration and production segment explores for, develops, produces, purchases, transports, and sells crude oil and natural gas. Its exploration and production activities take place principally in Algeria, Australia, Azerbaijan, Brazil, Denmark, Egypt, Equatorial Guinea, Gabon, Ghana, Indonesia, Libya, Malaysia, Norway, Peru, Russia, Thailand, the United Kingdom, and the United States. The marketing and refining segment manufactures, purchases, transports, trades, and markets refined petroleum products, natural gas, and electricity. As of December 31, 2008, the company operated 1,366 HESS gasoline stations. The company was founded in 1920 and is based in New York, New York.

Many energy stocks performed poorly during the dismal fourth quarter of 2008, Hess was no exception. However, as the old saying goes, cash is king during recessions. Hess boasts a strong balance sheet, including $1.2 billion cash, as of December 31, 2008. Also, a reduction in the firm's capital expenditures will shore up the firm's war chest and enable Hess to acquire struggling rivals in this moderately fragmented industry. A discounted cash flow analysis values Hess's stock at $70 per share.

<u>Icon PLC (ICLR)</u>

Portfolio:	Davidson, Milner		
Purchased:	Feb 3, 2005 (Davidson, Milner)		
Purchase price:	$8.48* (Davidson, Milner)		
Inherited price:	$40.57	Current price:	$16.15

*Split adjusted

Icon PLC is a contract research organization (CRO) offering outsourced clinical trial services to the pharmaceutical, medical devices, and biotechnology industries. Headquartered in Dublin, Ireland, Icon provides services covering the entire spectrum of product trials and introduction ranging from drug compound selection through phase IV of the clinical drug trial series and FDA or comparable governmental approval.

During the 2008-2009 year, Icon experienced numerous headwinds that have beaten down the stock. The CRO model dictates that a company operates in numerous markets across the world, of which many are undeveloped and lack strong financial systems. The turbulent currency markets have adversely affected foreign exchange rates for the company as the British Pound lost ground to the world's major currencies and hit a 23-year low rate against the dollar in February. Translation of revenues in different markets to the pound has led to decreased profits. Although the company does have natural hedges to offset some of the currency fluctuations, many markets lack liquid FX markets and the ability to properly hedge with forward contracts. As an ADR, the company's value decreases in dollar terms as the pound weakens to the dollar. These factors have adversely affected the share price.

The company also experienced delays in decision making from its large pharmaceutical and biotech clients. These companies have not entered into large new clinical trials, deciding to wait out the financial crisis before committing large amounts of capital to new projects. The Pharma industry has also seen several large mergers that have raised questions as to the short term plans for drug development.

Despite these troubles, fund managers continue to hold ICLR due to our belief in the long term trends in the industry. We believe that the company is still quite insulated from delayed projects as the majority of ICLR's work is in later stage III and IV trials. The company continues to grow, even in the difficult operating environment, with 2008 revenues up 37% and Q4 revenues up 22% and EPS up 38% and 35% for the year and quarter respectively. The company also has a strong backlog of projects with a book to bill ratio of 1.2.

Managers also believe that pharmaceutical and biotech companies will continue to utilize CROs in the future as they can develop drugs faster, turn fixed R&D expenses into variable outsourced costs, and add value to the research process by allowing access to trials in new markets. Icon is the best CRO in the market with a strong management that delivers, and the company continues to win industry awards for efficiency and collaboration. With headquarters in Dublin, Icon also offers the advantage of a below-industry average tax rate of 20%. It is difficult to value ICLR due to its foreign currency exposure. However, even with a 30% discount to the 3-year average P/E of 24 (due to market uncertainty), the average analyst estimated 2009 earnings of $1.47 a share suggests a price target of $24.70.

<u>iShares S&P 500 Value Index (IVE)</u>

Portfolio:	Milner		
Purchased:	Apr 14, 2007		
Purchase price:	$75.49		
Inherited price:	$62.51	Current price:	$37.20

IVE is an exchange traded fund of S&P 500 value stocks. In 2008, the proportion of cash in the Milner portfolio exceeded the proportion of cash in the Davidson portfolio. To keep the relative weighting and performance of the two portfolios equal, the 2007-08 fund managers needed to find place for the excess cash. IVE balanced the cash in the two portfolios in 2008 and gave current managers exposure to the market without creating an advantage for either portfolio.

In 2009, fund managers decided to maintain their position in the IVE fund to remain exposed to the broader market. IVE is weighted heavily in financials with 16.4% of all holdings in the financial service sector. This has contributed to the poor year over year performance of the ETF.

<u>Luxottica Group SpA (LUX)</u>

Portfolio:	School		
Purchased:	Feb 14, 2007		
Purchase price:	$31.65		
Inherited price:	$24.38	Current price:	$15.40

Founded in 1961, Luxottica Group SpA engages in the design, manufacture and distribution of prescription frames and sunglasses worldwide. Headquartered in Milan, Italy, the company has a presence in 130 countries with over 30 eyewear brands including Tiffany & Co., Chanel, Ralph Lauren, and many others.

The fund purchased 150 shares at $31.53 in light of Luxottica Group's market leader position, stable growth rate, increasing global exposure, along with the expectation of potentially strong synergies from the company's acquisition of Oakley in 2007.

The company's stock price declined 32% since the class inherited it in August 2008, mainly due to the bearish market outlook in the accessories and luxury goods sector in the current economic downturn. The fund managers recommended holding this stock despite the price drop because of the company's wide economic moat and the high possibility of its price rebounding when the economy recovers.

Microsoft Corporation (MSFT)

Portfolio:	School		
Purchased:	Mar 15, 2004		
Purchase price:	$25.23		
Inherited price:	$26.90	Current price:	$18.37

Microsoft is the producer of the most widely used operating for personal computers (PCs). Microsoft has five main business segments: client, server and tools, online services, Microsoft business, and entertainment. Recent developments include the offer and retraction of a bid for Yahoo, and the announcement for replacing the highly criticized Windows Vista operating system (OS) by a new OS codenamed "Windows 7" in 2010. Microsoft increased its dividend from $0.11/share to $0.13/share and announced a second stock repurchase plan of $40 billion. Though a healthy company, Microsoft, like the rest of the economy has taken a hit in the market, revenue, and its bottom line. With its relatively stable cash flows and strong market position, fund managers decided to continue to hold Microsoft within the School portfolio.

Research in Motion Ltd.(RIMM)

Portfolio:	Davidson, Milner		
Purchased:	Nov 14, 2007 (Davidson, Milner)		
Purchase price:	$115.53 (Davidson, Milner)		
Inherited price:	$127.18	Current price:	$43.11

Research in Motion, incorporated on March 7, 1984, is a designer, manufacturer and marketer of wireless platforms and solutions for the mobile communications market worldwide. Through its technology, RIM provides access to time-sensitive information such as e-mail, phone, short messaging service, Internet, and Intranet-based applications. The company is most famous for its BlackBerry wireless platform, the RIM Wireless Handhelds product line, radio-modems, and other software and hardware solutions. Research in Motion is headquartered in Waterloo, Canada and has additional offices in North America, Europe and Asia Pacific. In early 2009, RIM completed the acquisition of Chalk Media Corp. and Certicom Corp.

The fund managers of the 2006-2007 year purchased 65 shares at $115.53 to diversify its investment in technology. Despite the significant drop in the stock's price, current managers have decided to continue holding Research in Motion in its portfolio because of the company's strong past performance, solid business model, and positive outlook for future earning potential.

SAP AG (SAP)

Portfolio:	Davidson, Milner		
Purchased:	Nov 5, 2008 (Davidson, Milner)		
Purchase price:	$37.51 (Davidson), $37.70 (Milner)		
Inherited price:	N/A	Current price:	$35.29

SAP was founded in 1972 by a group of previous IBM employees, and is now considered to be one of the most prominent and reputable global providers of enterprise application software in the industry. Located in Walldorf, Germany, SAP has penetrated nearly all of the world's geographic regions of relevant business size. Historically, SAP's business model has been to cater to large firms, but the company has recently adapted its strategy to approach the mid to small size business market in an effort to further expand its market share. According to independent research firm Gartner Inc, SAP leads the Customer Relationship Management market, with a total market share of 25.35%, the Supply Chain Management market, with a total market share of 22.4%, and the Enterprise Resource Planning market, with a total market share of 27.5%. SAP retains a considerable share in each of the markets over the nearest single competitor. SAP's main competitors include Oracle, ranking second in many of the markets in which SAP is dominant, as well as Microsoft. However, SAP has maintained a strategic relationship with Microsoft to build several integrated products.

SAP generates revenue by providing business software solutions for its customers and maintaining long-term relationships with them that allows for not only up front, initial revenues, but residual revenues as well. In fact, the largest category of revenues SAP generates come from recurring service fees rather than initial software and implementation revenues. The company plans to grow its revenues through its ambitious goal of doubling its customer base over the next five years, primarily through its goal of penetrating the mid to small size business market.

Suntech Power Holdings Co. Ltd. (STP)

Portfolio:	Davidson		
Purchased:	Mar 4, 2009		
Purchase price:	$5.84		
Inherited price:	N/A	Current price:	$11.69

Suntech Power Holdings Co., Ltd. designs, develops, manufactures, and markets various photovoltaic (PV) cells and modules to provide electric power for residential, commercial, industrial, and public utility applications worldwide. The company produces monocrystalline and polycrystalline silicon solar cells along with thin-film solar panels. Its solar panel systems can be used for on-grid and off-grid generation. Suntech Power Holdings Co., Ltd. was founded in 2001 and is headquartered in Wuxi, the People's Republic of China. The fund felt that the green power industry had potential to rise with the release of the stimulus package and that solar energy would benefit the most from the funding. When analyzing the various solar panel companies, STP was unique in that its manufacturing was in China, giving it a cost advantage, and in that it produced all three of the major types of solar panels. Another factor that led toward investment was China's announcement that it would encourage mergers among the solar panel manufacturing in China. STP is the largest company of its kind in China and is positioned to take advantage of the government incentives if they acquire competitors. Finally, the stock price had fallen from a 52-week high of $51.75/share to $5.00/share, leading the fund to view it as undervalued.

Westinghouse Air Brake Technologies Corp. (WAB)

Portfolio:	Davidson, Milner		
Purchased:	Nov 8, 2006 (Davidson, Milner)		
Purchase price:	$31.47		
Inherited price:	$56.45	Current price:	$26.38

The 2008-2009 Student Investment Fund inherited WAB from the 2006-2007 class. Westinghouse provides original equipment manufacturing and aftermarket services for the rail industry worldwide. Its business has two main segments: freight and transit. Its freight group manufactures and services components for new and existing freight cars and locomotives. Its transit group manufactures and service components for passenger transit vehicles, primarily subway cars and buses.

WAB was held through the 2007-2008 class for a few key reasons which still applied in the current year. WAB continued to acquire new contracts and its backlog was high with projects guaranteed through 2016. In 2007, the Federal Government proposed a new brake rule that would cost the rail industry $1.5 billion to update and install brakes and WAB was one of two companies to manufacture and install the new brakes. Also in 2007, WAB's "Electronic Train Management System" which is considered the next major advance in rail to improve stopping distance and handling, gained approval.

In 2008, the company reported a 20% increase in net income over 2007, from $109 million, to $130 million with only a 15% increase in revenue, reflecting better cost controls and efficiencies as well as increased sales. The company's strong industry position warranted holding despite the stock price's decline, primarily as a result of weaker global economic outlook.

Williams Companies, Inc. (WMB)

Portfolio:	Davidson, School, and Milner
Purchased:	Nov 5, 2008 (Davidson, Milner, School) Feb 20, 2009 (Milner, School)
Purchase price (Nov):	$19.37 (Davidson), $19.488 (Milner), $19.52 (School)
Purchase price (Feb):	$11.09 (Davidson), $11.06 (Milner)
Inherited price:	N/A Current price: $11.38

Williams Companies Incorporated is an integrated natural gas company; it mainly finds, produces, gathers, processes, and transports clean-burning natural gas to heat homes and generate electric power across the country. Williams' operations are concentrated in the Pacific Northwest, Rocky Mountains, Gulf coast and the eastern seaboard.

Williams organizes its operations under several business segments. Exploration and Production (E&P) produces, develops, and manages natural gas reserves located in the Rocky Mountain and mid-continent regions. Gas Pipeline includes operations of interstate natural gas pipelines and pipeline joint venture investments organized under its wholly owned subsidiary Williams Gas Pipeline Company LLC. Midstream Gas and Liquids includes natural gas gathering, treatment, and processing. Businesses are comprised of several wholly owned and partially owned subsidiaries. Gas Marketing Services manages its natural gas commodity risk through purchases, sales, and other related transactions.

Reasons for the purchase were Williams' competitive advantage in the natural gas sector. Additionally, natural gas is an extremely important source of energy for reducing pollution and maintaining a clean and healthy environment. It is also a domestically abundant and secure source of energy. Environmental policies have begun to shift, making natural gas a viable source of energy and energy generation. Discounted Cash Flow and multiples analysis project Williams stock at $24.88 to $45.69.

Earnings for the Williams Companies plunged about 20% in the fourth quarter of 2008 year over year primarily because of a substantial decline in natural gas prices, which hurt the performance of both the Exploration & Production and Midstream Gas & Liquids divisions. Nevertheless, earnings for 2008 as a whole were strong. We think 2009 will be a grueling year for the company, since it appears that realized prices will remain under pressure for a while given the tough economic climate. Consequently, maintaining adequate liquidity is a top priority for management. To that end, capital expenditures will be sharply lower than last year. Also, Williams now has $1.4 billion of cash and there is another $2.3 billion available under credit facilities. Moreover, no significant debt matures until 2011.

In 2008, the reserves replacement rate was 148%. Proven reserves rose to 4.5 trillion cubic feet equivalent (Tcfe). Given a number of promising projects, especially in Wyoming and Colorado, Williams looks poised to deliver steady production growth in the coming years.

Management has decided not to change the corporate structure, which might have involved, among other possibilities, separating one or more of the three core units. (Williams has natural gas production, gathering and processing, and interstate pipelines.) The tough operating environment has made such a move unwise at this time. Nonetheless, fund managers believe that these divisions have promising expansion prospects, which is a primary reason we purchased additional shares in February.

SUMMARY OF STOCKS SOLD (through March 31)

ADA-ES (ADES)

Portfolio:	Davidson, Milner		
Purchased:	Sept 21, 2006	Sold:	Dec 18, 2008
Purchase Price:	$11.19		
Inherited Price:	$8.50	Sale price:	$3.25

ADA-ES, Inc. provides environmental technologies and specialty chemicals to the coal-burning utility industry in the United States. The company supplies powdered activated carbon injection systems, mercury measurements, and services related to emission control for coal-fired boilers used in electric generation. It also processes and manufactures activated carbon (AC) and interim sources of AC for mercury control applications. Clean energy has been a hot issue due to environmental concerns and legislative changes. Companies in this sector, in particular most ADES competitors, have experience growth, while ADES showed no signs of growth. ADES has continued to build new manufacturing plants and acquire contracts for its products but it has lost 63% since last year while many have experienced positive returns.

ABX Holdings (ATSG)

Portfolio:	Davidson, School, and Milner		
Purchased:	Feb 20, 2008	Sold:	Aug 27, 2008
Purchase Price:	$3.40-$3.41 (Davidson, School, and Milner)		
Inherited Price:	$0.95	Sale price:	$0.95

ABX Holdings, Inc., formerly ABX Air, Inc., is a holding company that has two principal operating businesses: ABX Air, Inc. and Cargo Holdings International, Inc. (CHI). ABX Air is an air cargo services provider operating out of Wilmington, Ohio, and 14 hubs throughout the United States. CHI is a provider of air cargo transportation and related services to domestic and foreign air carriers, and other companies that outsource their air cargo lift requirements. ABX Air is a Part 121 operator and holds a Part 145 FAA Repair certificate. In January 2008, the company announced that it had completed its holding company reorganization and acquired CHI. Immediately prior to the closing of the acquisition of CHI, it created a new holding company structure, with ABX Air becoming a wholly owned subsidiary of ABX Holdings, Inc.

ABX Air is DHL's primary U.S. business partner, generating approximately $1.1 billion in DHL revenues (ASTAR, its largest competitor, generates approximately $300-$400 million in DHL revenue). The agreement with DHL is set to expire in 2010, but it carries an automatic three year renewal unless either party states otherwise. On a pro-forma basis, for 2007 DHL represented approximately 73% of ABX's revenue with BAX Schenker being the next largest component at 14%.

The fund managers of the 2006-2007 year purchased ABX as they had put options on their aircraft. Taking into account these options, they arrived at a liquidation value of $ 4.89 per share. However, the fund's current managers decided to sell the stock due to the business uncertainties DHL faced in the American markets. This proved to be a good decision as DHL withdrew from the US markets which caused ABX's stock price to fall to its current level of less than $1 a share.

SPDR S&P BRIC 40 (BIK)

Portfolio:	School	
Purchased:	Jan 16, 2008	Sold: Dec 8, 2008
Purchase Price:	$29.36	
Inherited Price:	$24.76	Sale Price: $15.47

The Fund purchased BIK to diversify the School Portfolio, and to capitalize on the superior returns of emerging markets. BIK is an exchange-traded fund designed to track the total return performance of the S&P BRIC 40 index, a market cap weighted index of 40 leading companies based in the emerging markets of Brazil, Russia, India, and China.

Although there is often a "decoupling" effect when recessions occur in developed nations, the current financial crisis did not follow suit. The economies of emerging nations followed their developed counterparts into a global economic slowdown. Emerging markets, which tend to be dependent on commodities, witnessed the demand for products such as oil, steel, and aluminum dwindle during the downturn. Therefore, the fund's managers elected to sell BIK and avoid exposure to these volatile markets.

Chipotle Mexican Grill, Inc. B-Class Shares (CMG-B)

Portfolio:	School	
Purchased:	Nov 26, 2008	Sold: Mar 27, 2009
Purchase Price:	$43.80	
Inherited Price:	N/A	Sale Price: $58.60

Chipotle Mexican Grill, Inc. engages in the development and operation of fast-casual Mexican food restaurants in the United States and Canada. Fund managers purchased this stock for its lean business model and above-average margins. Additionally, the stock was bought under the premise that many consumers will trade down from higher priced dining options to this fast-casual chain during a recession. Managers chose to invest in the B-class shares because of their discount to the A-class shares, and the arbitrage opportunity should the company merge the two classes.

Holdings in the stock were later sold because it reached the managers' target stock price. Although this security was expected to be a longer term holding, the stock reached its target price relatively quickly, and it was decided it was best to take advantage of significant gains. Although this is a high growth stock with an even higher potential upside, given the uncertainty in the market and the volatility present in the B-class shares, managers decided it was best to act quickly and recognize profits with this stock

General Electric Corporation. (GE)

Portfolio:	School, Milner	
Purchased:	Nov 12, 2008	Sold: Jan 27, 2009
Purchase Price:	$17.07 (School), $17.16 (Milner)	
Inherited Price:	N/A	Sale Price: $13.00

In January, fund managers made the decision to sell GE in both the School and Milner funds as the price had dropped precipitously and evidence was mounting that the company would lose its AAA rating. The fund hoped to avoid continued losses in GE stock. Although the company posted a 6% increase in revenue in 2008, profits declined by 23% compared to 2007.

Garmin Ltd. (GRMN)

Portfolio:	Davidson, Milner	
Purchased:	Mar 8, 2007	Sold: Oct 8, 2008
Purchase Price:	$53.03	
Inherited Price:	$32.93	Sale Price: $25.56

Garmin is a provider of Global Position System (GPS) technology that is found in a variety of navigation, communication, and information devices. Currently there are few players in the GPS market, including Magellan, Navico Holding, and TomTom. The standalone GPS market has slowed in recent years, while integrated GPS units have experienced great growth. In order to stay competitive with this growing sector of the GPS market, Garmin has developed its own touch-screen cellular phone with integrated GPS, much like an iPhone or Blackberry. The fund sold a total of 45 shares at approximately 29.43% below our inherited price of $53.03 excluding transaction fees. The decision to sell GRMN was based upon managers' analysis that Garmin would be unable to compete in the integrated GPS market, and could only maintain leadership in the declining standalone unit market.

Occidental Petroleum Corporation (OXY)

Portfolio:	Davidson, Milner	
Purchased:	Jan 30, 2006	Sold: Oct 22, 2008
Purchase Price:	$47.15* (Davidson, Milner)	
Inherited Price:	$81.06	Sale Price: $46.13

*split-adjusted

Occidental Petroleum, based out of Los Angeles, CA, is the fourth largest U.S. oil and gas company. The company has three segments: Oil and Gas; Chemical; and Midstream, Marketing, and Other. Occidental operates within the United States and internationally. Current operations are based in several areas throughout the world, with the largest sites located in the USA, Qatar, Yemen, Colombia, and Ecuador. The company's long-term growth is driven by the acquisition of smaller oil and gas companies, as well as the acquisition of development contracts with Middle Eastern countries. In addition to OXY's oil and natural gas division, the company also manufactures and markets basic chemicals and other chemical products, but this division makes up a small percentage of the company's operations.

The fund managers of the 2006-2007 year purchased OXY as earnings soared due to record oil prices, coupled with higher gas prices, and consequently high share prices. However, the current managers decided to sell the stock due to the free fall in oil and gas prices at the time, resulting from weakening demand and macroeconomic uncertainties. The company's-52 week low was $39.93. After examining OXY's recent performance, the managers concluded that other oil and gas companies were more likely to benefit when energy prices rebound.

Puget Sound Energy (PSD)

Portfolio:	Davidson, Milner	
Purchased:	Sept 24, 2008	Sold: Feb 6, 2009
Purchase Price:	$25.95 (Davidson, Milner)	
Purchased:	Jan 15, 2009	Sold: Feb 6, 2009
Purchase Price:	$27.46 (Milner)	
Inherited Price:	N/A	Sale Price: $30.00

Puget Sound Energy is a utility provider in the Pacific Northwest. In late 2007 the company had a friendly takeover bid from a group of long-term infrastructure investors for $30 a share. Prior to this announcement, the company's stock had traded in a tight range of $20 to $24 dollars for the previous four years closing at the top of that range directly before the merger announcement, which sent the stock to $28 a share.

Over the course of the next year, the purchasing companies prepared for the merger by overcoming objections from local utility customers and filing the required paperwork with different government agencies. With the onset of the credit crisis and stock market collapse many arbitrage funds were forced to sell their positions in PSD which lowered the share price to $26.

We felt that purchasing a utility (which usually holds up well in down stock markets) with a buyout possibility was an attractive opportunity. In addition to having a stable stock price, the company offered a 4% dividend yield. Another advantage of the deal was that it limited the commissions we would have to pay in the Davidson fund because the merger was in exchange for cash and would eliminate the roughly $70 transaction fee needed to sell our position at the end of the trade. Our analyst computed that our expected return for the trade was approximately 15% in slightly over three months time or over 60% annually. The managers of the fund voted to buy 200 shares of the company.

Although by January 15, 2009, the merger had been delayed by over a month, it was announced that the deal was imminent. However the stock was still trading at a significant discount to the buyout offer. The fund analyzed the situation and estimated a 10% expected return on the stock in less than one month's time or over 100% annually. The managers of the fund decided to more than double the position to a total of 500 shares of the stock. On February 6, 2009, the deal closed and the money from the shares was deposited into our investment accounts, giving the fund a substantial gain during a time of negative returns for the S&P 500 index.

Seagate Technology (STX)

Portfolio:	School	
Purchased:	Nov 3, 2005	Sold: Oct 22, 2008
Purchase Price:	$15.55	
Inherited Price:	$15.25	Sale Price: $8.02

Seagate Technology (STX) is a manufacturer of hard disc drives that can be primarily be found in servers, desktops, notebooks, and external drives. Seagate also provides products for mobile devices, DVRs, and gaming devices. STX sells a large portion of its drives to Original Equipment Manufacturers (OEMs), who in turn market the drives under the company's own brand name. In the FYE 2008 approximately 67% of its sales have come from OEMs, 26% from distributors, and 7% from retailers.

Since the fund inherited the stock in late August 2008, the stock price declined from $14.56 to $8.027, when the fund's managers made a decision to sell STX on October 22, 2008. The decision to sell was based on the deterioration in the company's fundamentals along with the poor economic outlook in the electronic devices industry. Over the 2007 and 2008 period, STX has lost market share and first mover advantage to Western Digital (WDC), its main competitor. As a result, over the two year period, STX's sales and units shipped had only marginal improvements, whereas WDC's financial performance improved dramatically. In addition, fund managers believed that the solid state drive (SSD) technology was an imminent threat that will eventually replace the hard drive technology.

On March 6, the stock hit an historical low of $3.11; 61% decline since October 22, 2008. Since then the stock bounced back and it is currently trading at $5.85, a 27% decline since October 22, 2008. The decision to sell STX turned out to be right as managers were able to avoid holding the stock during this significant decline, and shift capital into other investment opportunities.

Whole Foods Market Inc. (WFMI)

Portfolio:	School	
Purchased:	Jan 23, 2008	Sold: Sept 10, 2008
Purchase Price:	$37.97	
Inherited Price:	$17.87	Sale Price: $18.09

Whole Foods Market Inc. was inherited by the fund and quickly sold due to fears of an oncoming recession. Whole Foods Market Inc. is the largest natural and organic grocer in the United States, with operations in the United Kingdom and Canada. The chain offers produce, seafood, grocery, meat and poultry, baked goods, and prepared foods, as well as specialty products and nutritional supplements. Given the downturn in the economy, the fund's managers believed that WFMI would not fair well in the short term. This, coupled with the trends of consumers moving away from organic foods to locally grown foods as well as the entrance of more competition from grocery stores, including the retail giant Wal-Mart, led the managers to decide that Whole Foods could be potentially hurt both short and long-term.

PRESENTATIONS TO PROFESSIONALS

Diageo PLC (DEO)

On February 10, 2009, the University of Utah Student Investment Fund presented a recommendation to buy Diageo PLC. The following community members attended the presentation.

Brad Baldwin	Commerce CRG
Dave Broadbent	Ivory Homes
Phil Clinger	Merrill Lynch (retired)
Matt Crouse	Western Investment LLC
Reese Howell	Security Title
Sterling Jenson	Wells Fargo
Melinda Keng	Fund Alumna
Adam Martin	Richard T. Pratt Associates
Hal Milner	Kensington Company
Mori Paulsen	Morgan Stanley
Rich Potashner	Merrill Lynch
Greg Schow	Lunt Capital Management
Greg Thornton	D.A. Davidson
Rex Thornton	D.A. Davidson
Buzz Welch	JP Morgan Chase

Diageo PLC is a UK-based international alcoholic drinks company engaging in the production, distillation, brewing, bottling, packaging, distribution, development, and marketing of alcoholic beverages. The company was formed in 1997 by a merger between Grand Metropolitan PLC and Guinness PLC. The company is traded on the London Stock Exchange (DGE) and the New York Stock Exchange (DEO) as an American Depositary Receipt. One ADR represents four common shares on the LSE.

Diageo and its subsidiaries produce approximately 80% of the beverages the company sells, with the remaining percentage produced by third parties under licensing agreements. Diageo currently markets over 150 brands in 180 markets world-wide. The range of beverages and brands for which Diageo holds rights includes Smirnoff vodka, Johnnie Walker Scotch whiskies, Captain Morgan rum, Guinness stout, and Bailey's Irish Cream liqueur. In addition to a substantial presence in the beer and spirits market, the company also owns a number of premium wineries across the world. Using centralized production and distribution facilities, Diageo sells these eight brands using uniform marketing campaigns to ensure efficient use of the company's global scale.

Based on a discounted cash flow and multiples analysis, fund managers derived a price of $68.12, which at the time was above the trading price of $52.90. Managers contended that the stock price, like that of its competitors, was largely beaten down by the slump in the economy and was not the result of any company-specific problem. Sales have held steady in the recession but the stock has been hurt by the overall downturn and by adverse currency movements, leaving it poised to rebound with the market.

Intuitive Surgical, Inc. (ISRG)

On April 14, 2009, the fund presented a recommendation to buy Intuitive Surgical. The following community members attended the presentation.

Dave Broadbent	Ivory Homes
Phil Clinger	Merrill Lynch (retired)
Jake Garn	Summit Ventures
Hal Milner	Kensington Corporation
Rich Potashner	Merrill Lynch
Ryan Snow	Wasatch Advisors
Ramona Stromness	Richard T. Pratt Associates
Buzz Welch	JP Morgan Chase

Intuitive Surgical, Inc. (ISRG) produces high-end robotic systems for minimally invasive surgery (MIS). The company operates in the medical appliances and equipment industry, which has generated approximately $53 billion in revenue annually. The industry is expected to grow at an annual compounded rate of 4% from 2008 until 2013.

ISRG engages in the design, manufacture and marketing of da Vinci Systems. The da Vinci System provides surgeons with a full range of mobility, and provides 3-D visual characteristics, without large, open incisions in a patient. The da Vinci system is composed of four main components: a surgeon's console, a patient-side cart, a high performance vision system, and proprietary wrist instruments. The system is protected by 60 foreign patents and 150 U.S. patents.

Apart from its main revenue source, the sale of the robotic da Vinci systems, which comprise 52% of revenue, ISRG has two more revenue streams from the sales of EndoWrist Instruments, surgical instrument tips that attach to the robotic arms to mimic the human hand (34%), and the service contracts that are sold with each system to ensure highest quality and functionality during surgeries (14%). Both of the latter revenue sources are recurring.

During the current recession, the stock price has declined 70%, as compared to the market's drop of 30%. Fund managers believe that this steep decline has brought the price below its intrinsic value, without any fundamental change to ISRG's business model. While new system sales will grow at a lower rate than expected, managers believe that the recurring revenue streams from instrument sales and services will make ISRG less susceptible to the recession than the market expects. Machine sales will beat expectations as well, as hospital and clinics purchase the da Vinci systems to satisfy consumer demand and remain competitive. Additionally, managers believe that the market is currently underestimating the number of future hysterectomy procedures to be completed using Da Vinci machines.

Fund managers presented a BUY recommendation for Intuitive Surgical Incorporated. The manager's discounted cash flow valuation assessed a value of $153.19 for the stock. Intuitive Surgical stock was purchased by the fund at $100.41 per share.

R.I.S.E. IX GLOBAL STUDENT INVESTMENT FORUM

The annual RISE Forum is a student investment education conference held in Dayton, Ohio and is co-sponsored by the University of Dayton and the United Nations Global Compact. The 2009 conference was held from March 26-28 and three members of the Student Investment Fund and the Top Jobs Finance Honor Society represented the University of Utah at the event. The mission of the forum is to bring leading students, faculty, and investment professionals together in an interactive learning environment to discuss issues facing today's and tomorrow's investment professionals.

The first day of the conference consisted of discussions from several panels of internationally renowned industry experts and leaders. The panels focused on topics such as the domestic and global economies, securities markets, corporate governance and responsibility, and global investment issues and opportunities.

On the second day of the conference, participants attended a variety of workshops with panel discussions from industry professionals. Topics included risk management, equity research, hedge fund due diligence, financial certifications, principles of socially responsible investing, and the future of the investment management profession among others. Following the four workshop sessions, participants attended a dinner at the Dayton Masonic Center where awards were given to the winners of an intercollegiate portfolio performance competition.

On the final day of the conference participants attended two sessions of career strategies forums. Topics included careers in sales and trading, alternative asset management, portfolio management and analysis, graduate schools, financial media and journalism, and regulatory banking and capital markets.

SPEAKERS

Suneeti Agrawal, Melinda Keng, and Nathan Page
Fund Alumni
August 26, 2008
Topic: Introduction to Student Investment Fund/Lessons Learned

Ms. Agrawal, Ms. Keng, and Mr. Page, 2007-2008 Fund Managers, began the year by giving an introduction and background to the Student Investment Fund. They described the previous year's investment strategy and mentioned the lessons they had learned throughout their enrollment in the course. They also gave a brief lesson on possible investment strategies for the fund. Finally, Ms. Agrawal, Ms. Keng, and Mr. Page stressed the importance of staying on top of current issues, specifically economic conditions and market movements. Their insights proved to be helpful throughout the year.

Ryan Snow
Portfolio Manager, Wasatch Advisors
September 16, 2008
Topic: Evaluating Stocks/Investment Philosophy

Ryan Snow spoke to the class about Wasatch Advisors' investment philosophy, focusing on America's Best Growth Companies (ABGCs). He explained that when researching a company, it is important to examine its economic prospects, management, and the price an investor must pay (valuation). He also emphasized the importance of identifying a company's competitive advantage and ensuring that it is sustainable. Additionally, Mr. Snow told the class that over a long period of time, earnings have the highest correlation with a company's stock price, and that earnings per share growth of 15% should be a target when choosing a company in which to invest. Finally, Mr. Snow stressed the importance of identifying big picture themes in the economy that could cause an industry or company to outperform the market over the next five to ten years.

Hal Milner
March 31, 2009
Topic: Business Ethics and Life Lessons

Hal Milner spoke to the class about the tough, competitive world of business, and how to maintain ethical standards when working in it. The presentation began with Mr. Milner telling the class that we were all fortunate to be in the position that we are, and that we have already won the lottery of life. Mr. Milner then explained that being ethical and winning in business do not need to be mutually exclusive, and gave multiple pieces of advice in regards to this topic. The presentation concluded with a quote by Steve Jobs, the CEO of Apple, "We don't get a chance to do that many things and everyone should be really excellent. Life is brief and then you die. So it'd better be damn good."

ANALYSIS OF TRANSACTIONS MADE FROM MARCH 31 – MAY 6

Between March 31 and May 6, fund managers completed a number of material transactions. We decided to liquidate holdings in NFLX (Davidson) and GHL (School), resulting in holding-period returns of 24.5% and 14.9%, respectively. Also, the fund purchased ISRG shares prior to the presentation to professionals at about $100 dollars on April 8 for the Davidson and Milner Portfolios. A short 15 days later, the managers decided to sell their Milner holdings for a return of 46.5% in just a little over two weeks.

Managers believed that the rally that had begun in March would continue through the summer and decided to invest a significant portion to the current cash holdings before the end of the semester. Shares purchased are listed below.

ticker	shares	date acquired	price	portfolio	description
ISRG	30	4-Apr-09	100.41	Davidson	Intuitive Surgical, Inc.; sold at $197.72 on 23-July-09
ISRG	20	4-Apr-09	101.07	Milner	Intuitive Surgical, Inc.; sold at $147 on 9-Apr-09
TBT	100	22-Apr-09	46.15	Davidson	Ultrashort 20+ year Treasury is an ETF meant to mimic the inverse of the 20+ year US treasury index, levered two times
TTM	200	22-Apr-09	7.05	Milner	Tata Motors Ltd. is a commercial and passenger vehicle manufacturer in India
GES	150	29-Apr-09	25.05	school	Guess? Inc. designs, distributes, markets, and produces clothing
OIL	170	29-Apr-09	18.479	Davidson	iPath S&P GSCI Crude Oil is an exchange-traded fund designed to follow crude oil prices
QQQQ	150	29-Apr-09	34.029	Milner	NASDAQ ETF
URE	1,000	30-Apr-09	3.7085	Davidson	Ultra Real Estate is an ETF designed to follow the Dow Jones US Real Estate Index, levered two times

LESSONS LEARNED

During the course of the 2008-2009 academic year, the overall market reached record levels of volatility. The vast majority of this movement during the year has been downward, and the overall market, as estimated by the S&P 500 index, has lost about 40% of its value since the 2008-2009 investment managers took the reins of the fund. In this uncertain market, one valuable lesson we learned was to take profits when the opportunity presents itself.

In November of 2008, the fund purchased a stake in Chipotle Mexican Grill's Class B shares. Fund managers bought this holding in the School fund for $43.80 per share, with the intention of holding it for several years, or until the retail segment picked back up. During the semester break in December, however, the shares soared to $60, a 35% increase from the purchase price. Our target valuation for this stock was $60. However, by the time we reached a consensus vote on selling the shares, the price had fallen back to $52.29 over the course of two trading days. Fund managers decided to hold the investment at that point, but the opportunity presented itself again in March. This time, managers were able to act quickly enough to sell the shares, which generated a 32% profit in this stock over the course of four months. The investment fund believed this to be an excellent opportunity to sell, as the S&P 500 index had declined 7% over this same period.

Throughout the year, when we believed a stock had risen above its valuation, we sold quickly to ensure profits. We applied this strategy with Netflix later in the school year. Although managers believed Netflix could still have significant appreciation potential, we sold the stock after two months to realize a 25% gain on our investment. After carefully studying the volatility present in the market using the VIX index, managers believe these sales have been good decisions, since the market presented such uncertainty on a daily basis.

Several other key lessons we learned during the school year are:

- How to commit to a long term strategy with unfavorable short term trends,
- Although valuation is much more difficult, the ever-increasing globalization of the stock market has led to great opportunities from American Depository Receipts, or ADRs,
- The danger of falling in love with a company,
- Especially during a major recession, past performance does not guarantee future results, and
- A strong balance sheet and a cash cushion are critical with uncertainty in the market.

SUMMER UPDATE (as of August 21)

Between March 31, when most of this analysis was performed, and August 21, stock markets rallied strongly, with the S&P 500 climbing 29% and the NASDAQ index rising 32%. The importance of timing in a volatile market became still clearer, as decisions that looked good several months ago in March now appear less so. For example, in March, ATSG, which had declined from our sales price of $0.95 to $0.77, is now trading at $3.10. Aldila, which was at $5.64 in March is now only $3.68. Our decision to invest most of our cash going into the summer was a very good one.

We sold a number of stocks as prices hit our targets. All seven of the stocks we sold over the summer outperformed the S&P over our holding period, as the table below shows.

	Gross Return	S&P return	Date sold	Portfolio
		Stocks Sold		
ISRG	95.63%	16.35%	23-Jul-09	Davidson
ISRG	46.40%	5.01%	24-Apr-09	Milner
SAP	26.66%	1.06%	31-Jul-09	Davidson
SAP	26.02%	1.06%	31-Jul-09	Milner
NFLX	16.00%	4.66%	9-Apr-09	Davidson
STP	99.15%	23.10%	1-May-09	Davidson
GHL	27.69%	-31.80%	22-Apr-09	School

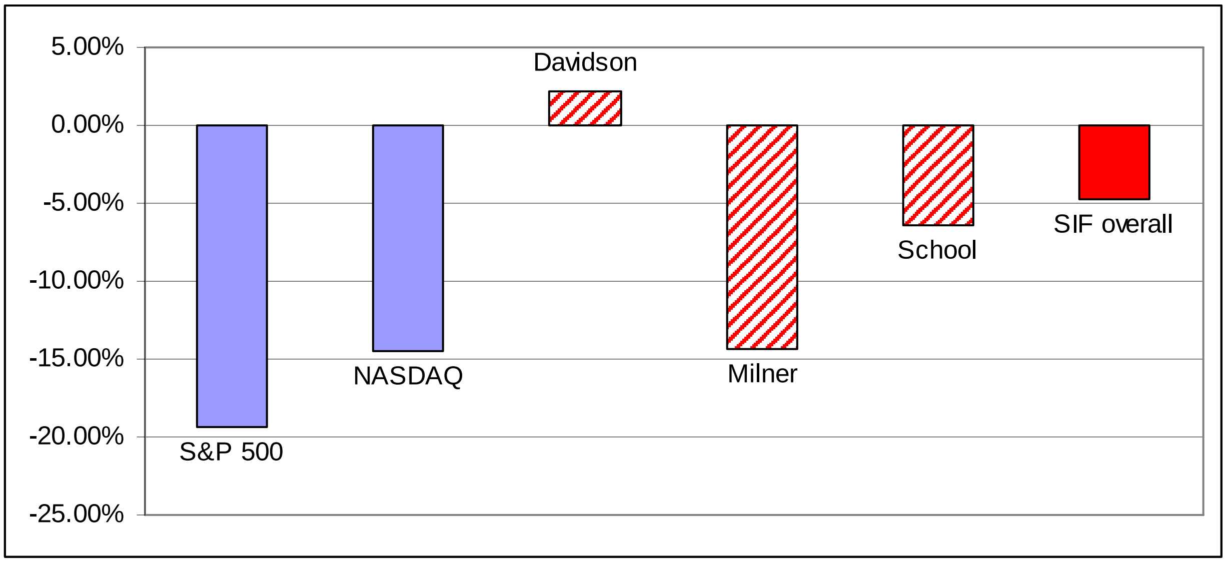
Of the 39 stocks we still hold, about half (19) of them have outperformed the S&P since we either inherited or acquired them.

	Gross Return	S&P return
Davidson Portfolio		
ICLR	-43.18%	-19.30%
CERN	34.60%	-19.30%
WAB	-35.94%	-19.30%
ALDA	-2.65%	-19.30%
RIMM	-40.39%	-19.30%
CYBS	0.49%	-19.30%
WMB	-9.60%	7.70%
GE	-8.35%	20.40%
WMB	51.86%	33.25%
TBT	7.37%	19.72%
OIL	36.58%	17.54%
URE	43.32%	17.54%
SPY	6.96%	6.00%

	Gross Return	S&P return
Milner Portfolio		
ICLR	-43.18%	-19.30%
CERN	34.60%	-19.30%
WAB	-35.94%	-19.30%
ALDA	-2.65%	-19.30%
RIMM	-40.39%	-19.30%
CYBS	0.49%	-19.30%
IVE	-18.94%	-19.30%
ATVI	-0.81%	14.42%
WMB	-9.12%	7.70%
UA	5.04%	17.13%
HES	1.34%	23.34%
DEO	16.55%	23.30%
WMB	59.13%	33.25%
AKAM	0.60%	34.15%
ABB	1.09%	33.52%
TTM	58.70%	19.72%
QQQQ	18.52%	17.54%

	Gross Return	S&P return
School Portfolio		
ATVI	-25.09%	-19.30%
BK	-11.97%	-19.30%
CMCSA	-27.30%	-19.30%
DE	-31.40%	-19.30%
LUX	2.26%	-19.30%
MSFT	-8.58%	-19.30%
WMB	-9.27%	7.70%
APC	46.38%	17.85%
GES	22.48%	17.54%

All three of our portfolios have outperformed both the S&P and NASDAQ indexes over the academic year. During our tenure, the S&P lost 19.3%, the NASDAQ index lost 14.4%, and on a dollar weighted basis, the Student Investment Fund lost only 4.7%. The Davidson portfolio actually ended the year above where it began. The graph below shows the performance of the indexes, each portfolio, and our total dollar-weighted performance for the academic year. Overall, the managers performed well in extremely challenging markets.



Bylaws

1. **Purpose**

The Student Investment Fund (Fund) provides students in the David Eccles School of Business (DESB) at the University of Utah with "hands on" investment experience. Students participating in the Fund will learn how to evaluate potential investments and how to structure a portfolio.

The focus of the Fund will be on growth, with a three-to-five year investment horizon.

The Fund will operate as a not-for-profit organization.

2. **Types of Investments**

Investments are limited to securities listed on US exchanges, including NASDAQ or other major international exchanges. Fund investments are limited to common and preferred stock, including ADRs and other exchange-traded collateralized equity instruments, exchange-listed corporate bonds, mutual funds and money market accounts, and US Treasury instruments. Margin purchases, short sales, and investment in derivatives are not permitted.

3. **Annual Report**

Each year, the students will prepare an Annual Report of the Fund's activities. The report will be distributed to the Dean of the DESB, the Finance Department Chair, and to other interested parties.

4. **Annual Audit**

The Fund will be audited annually by a group of students from the accounting society Beta Alpha Psi under the supervision of their faculty advisor.

5. **Support for the Fund**

The Finance Department and the DESB will provide reasonable support for the Fund, including the type of support offered for regular departmental classes such as photocopying, computer support, etc.

6. **Faculty Advisor**

An advisor to the Fund will be selected each Spring for the following academic year. Students will be consulted formally in choosing the advisor and every reasonable effort will be made to accommodate the students' recommendation. The faculty advisor will be a faculty member of the Finance Department. The advisor will be responsible for ensuring that the fund offers an appropriate learning experience for students possibly including an investment class, speakers, and appropriate projects. The Advisor and the Chair of the Finance Department will designate two faculty members of the DESB who are authorized to make trades if the Faculty Advisor is unavailable. The Advisor is responsible for maintaining complete records of all transactions made on behalf of the Fund, as well as original statements from the Fund's brokers. These records shall be made available to the Fund's auditors, the Finance Department Chair, and the Dean of the DESB on request. The Advisor is responsible for supervising the students in preparing an annual report of the Fund's activities.

7. Investment Decisions

Recommendations to buy or sell a security will be decided by a simple majority of students present at a regularly scheduled Fund meeting, after careful consideration of the investment decision's contribution to the investment goals of the Fund. In addition, a member of the group may move to recommend selling a security or increasing the quantity of a security currently in the portfolio at any time by notifying the group electronically. The motion shall remain open for the minimum of either (a) the time required for a majority of participants of vote "for" or "against" or (b) for 24 hours. If the motion has not carried within 24 hours, the motion will die. The Faculty Advisor retains the right not to carry out student recommendations if, in his or her considered opinion, the recommendations are grossly inconsistent with the investment philosophy of the Fund. The Faculty Advisor, or, in his or her absence, the designated alternative, will place trades through a registered broker.

8. Distribution of Funds

The Fund shall operate on an annual period from May 1 to April 30. In general, earnings and appreciation will remain invested in the Fund, subject to the following. If, on April 30, the value of the Fund net of new contributions exceeds the value of the Fund the previous year, the excess, defined as the increase in Fund value net of new contributions, will be distributed as follows.

Fifty percent of the excess will be remain in the Fund. The remaining 50 percent may be reinvested in the Fund, used to purchase materials or services used by the students for research or for Fund management, used to support student scholarships, or used to support student organizations in the DESB. Student participants shall make a recommendation on the distribution of any excess at the end of each fund year. The final decision on any distributions will lie with the Faculty Advisor, the DESB Dean, and the Finance Department Chair, although there should be a strong presumption that a recommendation by a majority of the student participants is in the best interest of the Fund.

9. Amendments

Amendments to the Student Investment Funds by-laws will be at the recommendation of a two-thirds majority of student members.

10. Dissolution

Should a majority of the student members of the Fund, the Fund's advisor, the Finance Department Chair, and the DESB Dean decide to dissolve the Fund, the cash and securities in the Fund would revert to a Finance Endowment Fund.

Approved October 26, 1999
Amended September 25, 2000