2010

University of Utah Student Investment Fund

Annual Report

tomorrow's investment leaders leading today's investment decisions

Student Investment Fund
DAVID ECCLES SCHOOL OF BUSINESS

In This Report

Who We Are

History

In October 1998, David Eccles School of Business finance students joined the D.A. Davidson & Co. 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 outside the classroom 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 $7,500 to the investment fund program.

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 track their investments. The original club that first year was comprised of 12 students and their advisor, Finance professor, Dr. Elizabeth 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. By the end of the summer, the portfolio's annualized return was 35 percent.

In the fall of 1999, the Student Investment Fund developed from a club into a restricted-enrollment class. This class is limited to 18 students through a rigorous application process. Dr. Tashjian teaches the year-round class. The class meets once a week to track the fund and to research potential investments. In 2003, the class was designated as an honors class. The fund is subject to an annual audit by fellow students in the Beta Alpha Psi accounting society.

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 ended up in bankruptcy. The 2001-2002 class outperformed both the S&P and Nasdaq indexes, losing a mere 22% during the year the class managed the portfolio. The next year's class had a better outcome, earning 30% on a relatively balanced portfolio from August, 2002 to August, 2003. In the spring of 2004, the fund adopted a strategy of investing in a portfolio of small cap stocks.

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. The 2008-2009 year was marked by extreme volatility, resulting in a very active strategy of buying undervalued stocks and selling once they reached their target prices. The 2009-2010 year was a period of steady growth for the funds as the market began to rebound from the recent economic crisis.

Fund Managers

Student Investment Fund Advisor

Dr. Elizabeth Tashjian

Analysts:

Clay Andrus

Clay Andrus is a senior graduating with a Bachelor of Science in Finance. He is passionate about investing, with a particular interest in private equity. He believes superior profits can be realized through value investing and consulting, and hopes to be able to do both throughout his career. Clay accepted a position with Goldman Sachs in Salt Lake City.

Christopher Barton

Christopher Barton is a senior graduating with a Bachelor of Science in Finance. Christopher is currently the Director of Research and Information at Suremark Worldwide, a company that has designed a universal underground utility marking system. Mr. Barton plans to continue his education by acquiring an MBA within the next five years.

Kelly Barton

Kelly Barton is currently a junior at the University of Utah. She is pursuing an Honors Bachelors of Science in Finance degree and will graduate May 2011. In addition to her work at the Student Investment Fund, Kelly is an Associate with the University Venture Fund, the largest student-run venture capital firm in the United States.

Jonathan Bowen

Jonathan Bowen is currently pursuing an Honors Bachelor's Degree in Finance at the University of Utah and plans to graduate in December 2010. His honors thesis discusses the Financial Consequences of Restructuring the BCS and its effects on the Mountain West Conference. Following graduation, Jonathan plans to work within digital media in the music industry.

Paul Burningham

Paul Burningham is a senior graduating with a finance degree in the spring of 2010. After graduation, Paul accepted a fulltime position with Goldman Sachs in their operations Division in Salt Lake City. Paul won three medals at the collegiate national racquetball tournament during his time at the University of Utah.

Shandra Corbitt

Shandra Corbitt is a junior in her Finance degree and a freshman in her Mechanical Engineering degree. She currently works for Northrop Grumman Corporation as a Program Management Intern and intends on finding a job in Defense.

Ian Donaldson

Ian Donaldson is a senior graduating in Finance and Information Systems. He will be working for Cerner as a Systems Engineer and Consultant after graduating from the University. His future plans include obtaining a Masters of Finance in the fall of 2011.

Ben Fruin

Ben Fruin is a senior. He has accepted a summer position with a middle market M&A/ Private Equity firm based in Austin, Texas. He plans on getting his MBA and will be sitting for the GMAT this summer.

Travis Giguere

Travis Giguere is a senior majoring in Finance and Accounting and will be graduating in December. His goal is to work as a financial analyst in the defense industry, for which he is currently doing an internship with Northrop Grumman.

Nick Harris

Nick Harris is a senior graduating Magna Cum Laude in May 2010. He is planning on pursuing a career in asset management and doing equity research for a few years before attending graduate school. Nick has a strong interest in the financial markets and also has dreams of working as a trader on the Chicago Mercantile Exchange.

Jonathan Murdock

Jonathan Murdock is a senior graduating in Finance. He has accepted a full-time analyst position with Goldman Sachs in Salt Lake City, and will begin working in June of this year.

Kimyen Nguyen

Kimyen Nguyen is majoring in Honors Finance and minoring in Mathematics. She is graduating in 2011 from the University of Utah.

Trang Nguyen

Trang is a junior majoring in Finance and Economics. Trang has ambitions of working in the investment banking industry after graduation. She is working as an investment banking summer analyst with UBS before returning to the U for her senior year.

Nate Patterson

Nathan Patterson is an Accounting and Finance double major. He plans to graduate in Spring 2011. This summer he will be working at an alternative investment firm in Salt Lake City.

Kristina Rodriguez

Kristina Rodriguez is a junior studying Finance. She also enjoys studying history, languages, and cultures. Upon graduating, she will go to Japan to start a business with another student from the University of Utah.

Brad Shumpert

Brad Shumpert is a senior graduating in Finance. He is currently an intern at Beneficial Financial Group, where he performs credit analysis and assists with risk management of fixed income portfolios. Brad intends to pursue a career in portfolio management, with an interest in fixed income and credit linked securities. At the end of the summer, Brad accepted a position as an investment banking analyst for D.A. Davidson in Oregon.

Matt Simonsen

Matt completed a double major in Finance and Information Systems at the U. For the past three years Matt was a senior associate at the

University Venture Fund, where he worked on several potential investments and value-add projects, and served as team lead on many deals. In addition to his senior associate role, Matt was heavily involved in directing UVF's University Private Equity Summit. Matt recently completed an internship in the Private Wealth Management division of Goldman Sachs, and will join the firm as an analyst soon after graduation. He plans to pursue an international MBA degree in the coming years.

Daniel Smart

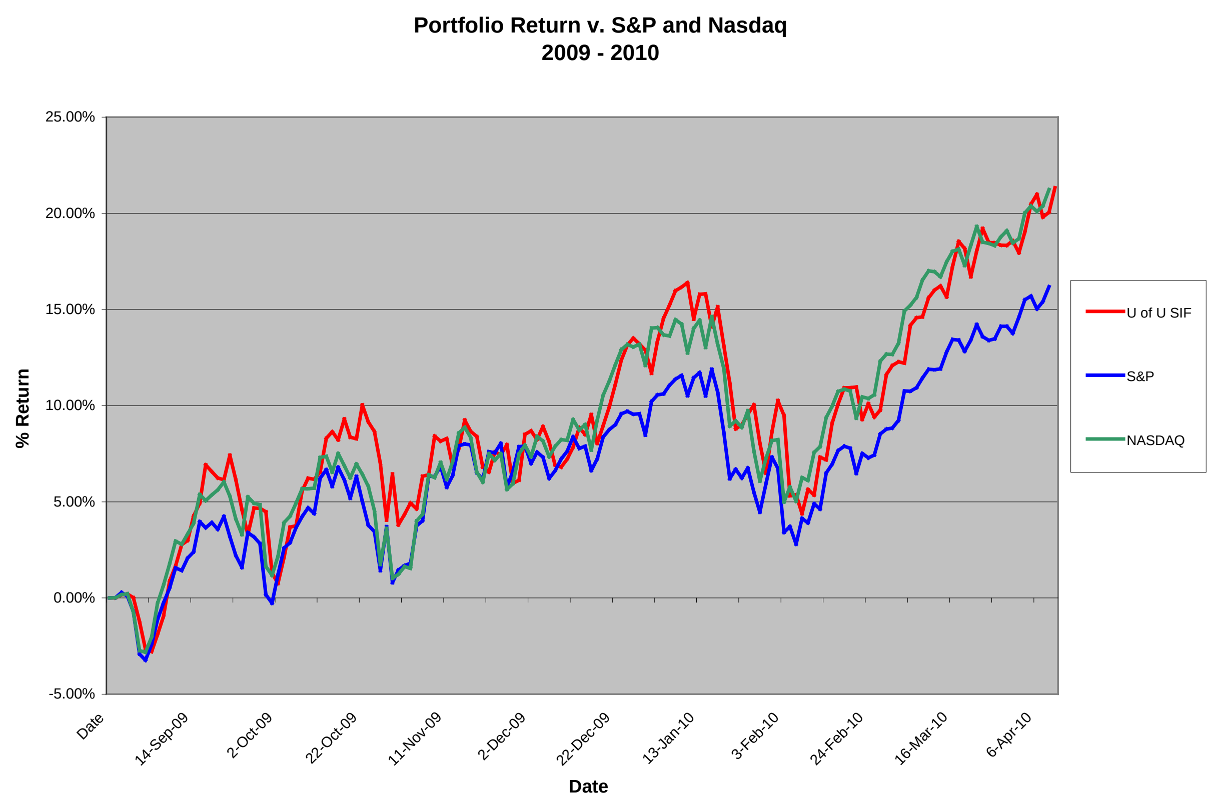
Daniel Smart is a junior majoring in Honors Finance with a French minor. This summer he will be interning with the private equity firm the Riverside Company in San Francisco before returning to the U for his senior year where he will be interning with the University's Investment Management Office and will be Top Jobs President.

Crystal Williams

Crystal Williams is a senior graduating with her Bachelor of Arts in Finance. In addition to the Student Investment Fund, Crystal also participated in the CFA Society International Research Challenge. Upon graduation Crystal will be working for Ivory Homes, after which she plans to return to business school to get her MBA.

Overall Fund Performance

Our class inherited the portfolio on August 25, 2009. Most of the analysis in this report reflects the portfolio's value as of April 9, 2010. Over that period, our total portfolio gained 21.34%, substantially outperforming the S&P 500, which gained 16.18%, and just topping the NASDAQ index, which gained 21.23%.



Letter from Fund Advisor, Dr. Elizabeth Tashjian

This academic year, the Student Investment Fund entered its second decade as a class. The last twelve months have been a challenging time for investors as uncertainty persists as to the timing of the end of the recession and the speed of the recovery. Unemployment has remained high while interest rates remain unusually low. Major news stories included the European debt crisis, swings in consumer confidence, the Gulf oil spill, and a strong anti-incumbent political climate.

For the fourth consecutive year, the fund has outperformed the S&P. Despite the tight job market, SIF alumni have continued to receive highly competitive job offers both in Utah and around the country. SIF members have been leaders on campus in ASUU, Top Jobs, UVF, in the President's office, in the Bennion Center, and in the MUSS. Five SIF students (four current students and one alumna) participated in the first CFA International Research Challenge in the state of Utah, narrowly losing to BYU's MBA team, which went on to win the challenge for the Americas.

When the fund began as a club in 1998, there were no experiential undergraduate classes in the business school and no special programs for top business students. The Student Investment Fund has helped to precipitate many changes. A few years after the Fund's inception, Mike Lemmon and I launched the Finance Honors program as it became clear that our strong undergraduate students sought a stronger set of classes. That program has grown to be one of the most successful honors programs on campus, and the business school now offers honors in all areas. We now have a wide array of experiential classes. SIF alumni continue to get excellent jobs. Many have gone on to graduate programs in business, law, and medicine.

I anticipate more exciting changes in our second decade. Next year, we will incorporate the Capital IQ platform into our SIF investment research program. In 2013, we will move into the Trading Room in the new business building.

Congratulations to the 2009-2010 managers on a very successful year.

What We Hold & What We Sold

The Davidson Portfolio

Highlights

Since August 25, 2009, when the new fund managers took over the Davidson Portfolio, the Davidson portfolio has returned 20.99% compared to 16.18% and 21.23% for the S&P 500 and NASDAQ indices, respectively. During this time period the fund managers purchased Sales Force (CRM), Under Armour (UA), Celgene (CELG), and additional shares of Cerner (CERN); they agreed to sell Aldila (ALDA), Williams Companies (WMB), Research in Motion (RIMM), and General Electric (GE).

Over the 2009-2010 academic school year only two stocks in the Davidson Portfolio decreased in value, while ten out of thirteen outperformed the S&P 500. The best performer in the portfolio was Williams Companies (WMB), which had a compounded eight month return of 92.58%.This was largely due to the steady increase in the price of oil as well as the overall improvement in the economy since August 2009.

As of April 9, 2010, the Davidson Portfolio had a value of $61,504.70. It is most heavily weighted in healthcare, with 35% of its holdings in this sector.

Strategy

The Davidson portfolio is subsidized by D.A. Davidson, so that the fund is replenished if its value drops below $50,000. When the fund experiences gains over 5%, the fund splits the gains in half with D.A. Davidson. The fund strategy for the Davidson Portfolio is to invest in high growth stocks which are often small cap stocks of relatively new companies that may carry considerable risk.

Individual Holdings (prices as of April 9):

Celgene Pharmaceuticals
Ticker: CELG
Purchased: Feb 24, 2010
Purchase Price: $59.20
Current Price: $61.89
Analyst: February Group

Celgene is a bio-pharmaceutical company focused on developing drugs which target blood cancers including multiple myeloma, myelodysplastic syndrome, non-Hodgkin's lymphoma, and chronic lymphocytic leukemia. Celgene also specializes in finding treatments for ADHD, solid tumors, and inflammatory diseases. Celgene was founded in 1986 and completed its initial public offering in 1987. It currently operates in more than 65 countries including Eastern Europe, Japan, Australia, Southeast Asia, and Latin America.

The fund purchased CELG to take advantage of the stock growth we anticipate should the company's key drug, Revlimid, be approved for first line treatment of multiple myeloma. First line treatment status for Revlimid means that the company's drug would be the first drug prescribed to newly diagnosed patients, leading to a dramatic increase in market share. After careful analysis of the drug's quality and efficacy compared to the competition, the likelihood of passing the FDA first line treatment approval process is quite high. Through a discounted cash flow analysis, we have approximated Celgene's stock price value at $75. Once Revlimid is approved and the stock price reflects the gain in value, we recommend that the fund should sell the stock.

Cerner Corp.

Ticker: CERN
Purchased: Feb 10, 2006, Oct 7, 2009
Purchase Price: $42.10, $75.76
Inherited Price: $64.27
Current Price: $88.19
Analyst: Travis Giguere

Cerner Corporation provides healthcare IT software solutions that combine clinical, financial, and management information systems. Cerner's largest customers include hospitals, laboratories, blood banks, pharmacies, and public health organizations. Its flagship product, the Cerner Millennium System, provides access to an individual's electronic medical records at the point of care. The system organizes and delivers information for healthcare professionals as well as consumers.

Previous fund managers held this stock because net income and cash flow have increased year over year, sales and employees have increased, and it belongs in a strong sector. All of these points still hold true today, however there was a decrease in cash flow during 2009. During 2009, Cerner purchased $169 million of short term government bonds. If Cerner had not invested this cash in government bonds, cash flow would have doubled from 2008. The economic stimulus package has set aside $19.5 billion for healthcare IT during the next ten years. Congress is hoping the money will influence hospitals and doctors to start using electronic heath records, which is Cerner's primary focus. Cerner has low long-term debt-to-equity levels and high profit margins relative to the industry.

CyberSource Corporation
Ticker: CYBS
Purchased: Nov 27, 2007
Purchase Price: $15.81
Inherited Price: $15.81
Current Price: $18.52
Analyst: Chris Barton

CyberSource was founded in 1996 at the beginning of the E-commerce boom, 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 are designed to assist merchants in managing transactions including payment processing services, enterprise software, and professional services. Online retailers, which largely started with the acceptance of credit cards as a form of payment, have successfully adapted 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. In 2007, online retail transactions were forecasted to nearly double by 2012.

The current fund managers elected to hold all shares of CyberSource Corporation for the duration of the academic year and realized a holding period return of 27.10%, or a monetary increase of $499.20 for the Davidson portfolio. With its reputation and the anticipated growth in online retail transactions, the current fund managers anticipate the price of CyberSource's stock to increase to $22.00.

Icon PLC
Ticker: ICLR
Purchased: Feb 3, 2005
Purchase price: $8.48*
Inherited price: $22.76
Current price: $26.60
Analyst: Kristina Rodriguez
*Split adjusted

Icon PLC is a contract research organization based in Ireland. The company is listed as an ADR on the New York Stock Exchange. ICON provides global outsourced development services to pharmaceutical, biotechnology, and medical device industries. The company primarily services the United States, Ireland, and Europe. ICON focuses on conducting clinical trials, and development projects from compound selection to Phase I and IV clinical studies.

ICON continues to outperform the S&P 500 index. Additionally, the company experienced 39.60% net income growth at the end of the 2008. We believe the company's efficient operations will result in continued steady growth.

iPath S&P GSCI Crude Oil
Ticker: OIL
Purchased: Apr 29, 2009
Purchase Price: $18.48*
Inherited Price: $24.57
Current Price: $27.23
Analyst: Clay Andrus

OIL is an ETF linked to the performance of the Goldman Sachs Crude Oil Return Index and reflects the returns that are potentially available through an unleveraged investment in the futures contracts comprising the index, plus the T-bill rate, that could be earned on funds committed to trading the underlying contracts. The fund is non-diversified with a beta of 0.57.

The ETF was purchased before the summer of 2009 while it was trading close to a six-month low, and with high expectations that oil prices would rise through the summer months. The ETF has performed well, and we decided to hold the stock due to rising oil prices and falling dollar prices. The ETF continues to provide good exposure to commodities.

Salesforce.com, Inc.
Ticker: CRM
Purchased: October 29, 2009
Purchase Price: $59.49
Current Price: $79.77
Analyst: Nate Patterson

Salesforce.com is the leading provider of enterprise on-demand customer relationship management software. On-demand, also used interchangeably with Cloud and software-as-a-service (SASS), refers to the use of Internet-based computing, storage, programming and platform services over the Internet as needed. Under this model, customers ranging from small to medium size businesses to enterprises, can access the software via the Web with minor implementation and customization, and little to no on-premise installation or maintenance of the provided software. This provides the advantage of lowering IT costs for the customer. Salesforce.com markets its services to businesses on a subscription basis, through direct sales efforts, and indirectly through sales partners.

As the leader in "on-demand" customer relationship management software, we believed that Salesforce.com was best positioned to take advantage of the shift away from client-server architectures, as businesses sought the ease of use and cost savings that an on-demand model would provide. We also believed that Salesforce.com would benefit from its early mover advantage and innovative culture as it continued to develop new and innovative products in order to further penetrate the market. Lastly, we believed that Salesforce.com would benefit immensely from the recovery of the economy as business looked to increase IT spending.

SPDR S&P 500
Ticker: SPY
Purchased: June 23, 2009
Purchase price: $96.27
Inherited price: $103.13
Current price: $119.55
Analyst: Matt Simonsen

The SPDR Trust is an exchange-traded fund that holds all of the S&P 500 Index stocks. It is comprised of undivided ownership interests called SPDRs. The fund issues and redeems SPDRs only in multiples of 50,000 in exchange for S&P 500 Index stocks and cash.

SPY is weighted heavily in financials with 14.64% of total holdings in the financial service sector. This has contributed to the steady rise in the current performance of the ETF.

Ultra Real Estate ProShares
Ticker: URE
Purchased: Apr 29, 2009
Purchase Price: $3.71
Inherited Price: $5.35
Current Price: $8.78
Analyst: Clay Andrus

URE is an ETF who performance attempts to return 200% of the daily performance of the Dow Jones U.S. Real Estate Index. Its primary holdings are in REIT's which own properties in all types of commercial real estate. The fund uses leveraging techniques while mirroring the underlying index to achieve higher returns. The fund was looking for diversification into real estate, and to date has chosen to maintain this exposure through this ETF.

The ETF was purchased at $3.71 per share, a historical low. In April 2010, ProShares reverse split the stock 5:1, resulting in a split adjusted purchase price of $18.55. The fund chose to hold this investment because of the high probability that commercial real estate was poised to rebound from the recession. With leveraged strategies and fully diversified holdings, it was believed that this position would best capitalize on the recovering economy.

Ultra Short 20+ Year Treasury
Ticker: TBT
Purchased: April 22, 2009
Purchase price: $46.15
Inherited price: $47.21
Current price: $48.70
Analyst: Brad Shumpert

The Pro-Shares Ultra-Short 20+ Year Treasury exchange traded funded attempts to return twice the inverse of the price return of the Barclays Capital 20+ Year U.S. Treasury Bond Index on a daily basis. The fund invests in swap agreements and purchases treasury futures to achieve the desired exposure. For periods longer than a single trading day, returns are the result of each day's returns compounded over the period. The Barclays Capital 20+ Year U.S. Treasury Index includes all publicly issued, U.S. Treasury securities that have a remaining maturity greater than 20 years, are non-convertible, are denominated in U.S. dollars, have investment grade rating, are fixed rate, and have more than $250 million par outstanding. The fund applies a net expense ratio of .95%.

National budget deficits have already grown due to stimulus efforts, and are projected to increase further to pay for the new health care entitlement program. These factors, combined with the already greatly expanded balance sheet of the Federal Reserve and resulting increases in the money supply make an increase in interest rates seem likely at some point. Inflation could set in, though upward pressure on CPI has been limited, due in part to low rental costs attributed to the weak housing market. Excluding rental costs, which make up the housing component of the CPI index, core CPI has been very subdued. Other consumer prices have also stayed depressed as end demand has not recovered. To unwind its positions the Fed will eventually have to sell the treasury securities and mortgage-backed securities it has accumulated. The Fed halted its $1.25 trillion mortgage-backed security purchase program on March 31, 2010, and 30 year mortgage rates increased slightly. The Fed now owns nearly a quarter of all mortgage-backed securities. It remains to be seen if private investors will be able to absorb growing Treasury issuance, increased issuance of corporate debt and eventual sales from the Fed. Downside risks include deflation, where bonds would perform well, or general risk aversion leading to continued low yields.

Under Armour
Ticker: UA
Purchased: Dec 9, 2009
Purchase Price: $26.13
Current Price: $32.28
Analyst: Jonathan Bowen

The company develops, markets and distributes performance apparel, footwear and accessories for men, women and youth worldwide. The signature product for Under Armour is compression clothing made from synthetic moisture-wicking fabrics designed to regulate body temperature and improve performance of the user. The company has done well in establishing the mentality among athletes that they will not perform as well without using Under Armour products. Recently, it has entered into the running market to compete directly with Nike and Adidas. Under Armour, Inc. was inherited by the 2009-2010 Student Investment Fund as part of the Milner Fund. Prior to reporting quarterly earnings in Q4 2009, the Student Investment Fund decided to purchase 100 additional shares for the Davidson portfolio in anticipation of a rise in stock price. Despite contending against vastly larger competitors such as Nike and Adidas, management has historically exceeded projections as the company continues to gain market share in both clothing and footwear. Thus, the Student Investment Fund believes that holding Under Armour stock long-term will be beneficial to both portfolios.

Westinghouse Air Brake Technologies
Ticker: WAB
Purchased: Nov 8, 2006
Purchase Price: $31.47
Inherited Price: $36.18
Current Price: $42.60
Analyst: Daniel Smart

The 2009-2010 Student Investment Fund inherited WAB from the 2008-2009 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 previously held for a few key reasons that are still applicable in the current year. WAB continued to acquire new contracts and its backlog was high with projects guaranteed through 2016. There is currently a large push for new rail lines, including high speed passenger lines in states such as California. This drive towards greener transportation will also promote growth within this industry.

This company is expected to have consistent growth, and was thus held to provide stability and diversification to the portfolio.

Divested Holdings:

Aldila
Ticker: ALDA
Purchased: Apr 4, 2007
Purchase Price: $15.93
Inherited Price: $3.64
Sell date: Oct 7, 2009
Sell Price: $3.41
Analyst: Paul Burningham

Aldila Inc. was inherited from the previous fund managers. Aldila designs, manufactures, and markets high performance graphite golf shafts. The company sells its graphite shafts to golf club manufactures, distributors, custom club shops, pro shops, and repair shops. Most of Aldila's revenue comes from selling to large golf club manufactures such as Callaway golf, Taylormade, and Titleist.

In recent years Aldila has seen a significant decline in sales. For the first half of 2009, Aldila lost $675,000 and had a decrease of 21% in shafts sales compared to 2008. The decision to sell was based on the company's continued drop in sales and the poor long-term outlook of the golf industry. Aldila management predicted the industry would contract by another 15 to 20% in the coming year.

On January 19, 2010, Aldila Board of Directors unanimously approved a plan to voluntarily delist its stock from the NASDAQ. The delisting is consistent with a continued effort to reduce expenses. Since the delisting the stock has climbed from $3.93 to $5.50 as of April 15, 2010.

General Electric Company
Ticker: GE
Purchased: Nov 12, 2008
Purchase Price: $17.15
Inherited Price: $14.30
Sell Date: Oct 21, 2009
Sell Price: $15.78
Analyst: Kimyen Nguyen

The fund chose to sell General Electric due to the poor performance since purchase. The key reasons for the sale of all shares included

1. Disappointing and unpredictable performance of GE Capital, which GE failed to spin off or sell,
2. Concerns about the recovery time of the financial sector and GE Capital, and
3. Management's proposal of a drastic change in the company's operations and marketing in emerging markets.

Research in Motion
Ticker: RIMM
Purchased: Nov 14, 2007
Purchase Price: $115.53
Inherited Price: $75.56
Sell Date: Oct 29, 2009
Sell Price: $61.24
Analyst: Daniel Smart

RIM's technology facilitates wireless access to information such as e-mail, telephone, 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.

This year's fund managers sold RIM due to a decline in sales and new users combined with significant gains with rival, Apple's iPhone. We believe that RIM will continue to lose market share, especially as the iphone is expected to debut on numerous wireless providers during the summer of 2010.

Williams Companies, Inc.
Ticker: WMB
Purchased: Nov 5, 2008, Feb 20, 2009
Purchase price: $19.37, $11.09
Inherited price: $17.35
Sell Date: Oct 21, 2009
Sale price: $20.27
Analyst: Kelly Barton

The current fund managers inherited WMB from the previous year's class. Williams Companies Incorporated is an integrated natural gas company. It locates, 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. The previous fund managers purchased this stock to gain access to the market potential of natural gas. 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 had begun to shift, making natural gas a viable source of energy and energy generation.

The stock was sold due to falling natural gas prices and the unusually high amounts of gas storage. During the month of the sale, gas storage was approximately 15% higher than the year before, indicating to the fund managers that natural gas prices were prone to fall even lower. Additionally, research showed that natural gas consumption was down considerably from the year before, which had the highest natural gas prices in a number of years. This indicated to the fund managers that natural gas was not a good market to be in at that time.

Milner Portfolio

Highlights

Since taking over the fund in August 2009, the Milner portfolio has consistently outperformed the S&P 500.

Akamai Technologies (AKAM), Williams Companies (WMB), and Nu Skin Enterprises (NUS) were the top performers, with holding period returns of 82.27%, 81.37%, and 66.59%, respectively. WMB was sold in October of 2009, while the managers continue to hold onto AKAM and NUS. The biggest losers were Aldila (ALDA), Research in Motion (RIMM), and Maxwell Technologies (MXWL), with holding period returns of -78.47%, -47.06%, and -6.77%, respectively.

Strategy

As in the Davidson portfolio, we share the gains in excess of 5% on the Milner portfolio. Therefore, we pursue a similar strategy of investing in high-growth stocks in this portfolio.

Individual Holdings:

ABB Ltd.
Ticker: ABB
Purchased: Mar 24, 2009
Purchase Price: $14.22
Inherited Price: $19.59
Current Price: $22.33
Analyst: Kristina Rodriguez

ABB Ltd. is an international company based in Switzerland. It is listed as an ADR in the New York Stock Exchange. ABB is in the industrial electrical equipment industry. The company provides power and automation technologies to utility and industrial customers. It provides systems for grid systems, power generation, and substations. Furthermore, the company offers alternating current transmission systems and high-voltage direct current systems. Additionally, it provides products and services for the renewable solar and wind sectors.

We inherited ABB from the 2008-2009 managers at a price of $13.94. Despite the negative net profit growth, we believe ABB Ltd has the potential to recover from the economic downturn and realize greater profits. Also, ABB has yet to realize revenues from unfinished projects domestically and internationally. These projects come in light of the stimulus packaged released by governments worldwide to improve infrastructure.

Activision Blizzard, Inc.
Ticker: ATVI
Purchased: Oct 20, 2008
Purchase Price: $12.41
Inherited Price: $11.87
Current Price: $12.48
Analyst: Shandra Corbitt

Activision Blizzard is a leading online and console game developer and publisher. The company was formed through a merger between Activision and a subsidiary of Vivendi S.A. in July 2007. Activision Blizzard is headquartered in Santa Monica, California. The company produces game software that is utilized on the Xbox, Playstation, and Nintendo consoles as well as other portable devices and personal computers. The merger between Activision and Vivendi was a strategy to combine "trendy" games with the consistent and "dedicated" games, of each company. The company strategy includes purchasing and partnering with smaller leading developers and intellectual property right owners. Popular Activision Blizzard game titles include Call of Duty, World of Warcraft, StarCraft, Guitar Hero, and various expansion packs and variations therein.

Although the stock has experienced turmoil over the holding period, the fund decided not to sell the stock. Activision Blizzard has experienced record breaking sales with the release of Call of Duty 2: Modern Warfare and we anticipate future gains in the gaming industry, even though sales projections for the 2009 holiday season were fairly low due to limited consumer discretionary income. The release of StarCraft 2 is anticipated in the next year and will hopefully result in significant gains for Activision Blizzard Inc.

Akamai Technologeis
Ticker: AKAM
Purchased: Feb. 29, 2009
Purchase Price: $18.31
Inherited Price: $17.84
Current Price: $33.21
Analyst: Ian Donaldson

Akamai Technologies is a web caching firm that provides services to help speed up delivery content over the internet. Globally, the company has over 15,000 servers that store internet data which allows for fast load times of streaming data between different businesses and consumers. Some of its most notable clients include Hulu.com, Yahoo.com, ESPN.com, and CNN.com.

Akamai's technology is based on proprietary algorithms developed by graduates and professors at MIT to help route traffic on the Internet through the global chain of servers in a more efficient manner. Competition has increased as web caching becomes more of a commodity; however, AKAM offers many additional high-margin services for internet delivery that its competitors do not. These include IP Application Accelerator and Digital Asset Solutions. The spread of HD content on the web will continue to drive investment in web caching. We believe that the Fund will continue to benefit from a position in Akamai.

Cerner Corp.
Ticker: CERN
Purchased: Feb 10, 2006
Purchase Price: $42.10
Inherited Price: $64.27
Current Price: $88.19
Analyst: Travis Giguere

See the Davidson Portfolio section for a description of Cerner.

CyberSource Corporation
Ticker: CYBS
Purchased: Nov 27, 2007
Purchase Price: $15.16
Inherited Price: $15.81
Current Price: $18.52
Analyst: Chris Barton

See the Davidson portfolio section of this report for a description of CyberSource.

Diageo PLC
Ticker: DEO
Purchased: Feb 4, 2009
Purchase Price: $55.43
Inherited Price: $63.50
Current Price: $70.38
Analyst: Nick Harris

Diageo PLC is a UK-based alcoholic beverage company that produces, distills, brews, bottles, packages, distributes, and markets spirits, beer, and wine. The company was formed in 1997 and is currently the leader in the premium spirits industry with over 150 brands in 180 markets world-wide. Diageo's most notable brands include Captain Morgan, Johnnie Walker, Crown Royal, Guinness, Seagrams, and Cacique. Over the past ten years Diageo has been able to broaden its product offerings through acquisitions, including Rosenblum wineries in 2008, Bushmills Scotch distilleries in 2005, and several Seagrams brands in 2001. The company is traded on the London Stock Exchange and is also traded on the New York Stock Exchange as an American Depositary Receipt. The fund managers of 2009-2010 acquired Diageo at $63.50 when they took over and decided to hold onto the company due to its strong financials, high dividend yield, low volatility, and the belief that the spirits industry would outperform the market during difficult and uncertain economic times going forward. As of April 13, 2010, the company is trading at $71.59 per share, which represents a 12.74% holding period return since August 25, 2009.

EMC Corp.
Ticker: EMC
Purchased: Dec. 9, 2009
Purchase Price: $16.75
Current Price: $18.54
Analyst: Ian Donaldson

EMC Corp. provides products and services for external data storage and server virtualization. EMC produces systems infrastructure, storage software, virtualization, and provides open consulting services. 2010 should be a good year for EMC with a recovering economy translating into increased corporate IT budgets.

As the open source leader in networked storage, EMC appears well positioned to take advantage of growth in information storage. This market is being driven by the growing need for firms to back up every bit of data such as digital MRIs and corporate records. EMC's inorganic growth strategy has been successful in keeping the firm ahead of the technological curve through the strategic acquisitions of small, but quickly growing IT specialty firms such as VMware and Data Domain. VMware is used by all Fortune 100 companies and has 84% of the total market for virtualization services and software.

EMC has a strong brand and position in the storage devices market and is well positioned to take advantage of the shift to cloud computing with its ownership of VMware. EMC's shares appear to be headed back towards the pre-recession price of $25. We believe the market has not fully capitalized on EMC's future opportunities, and project the EMC share price to be fairly valued at $22. We would recommend selling the stock if it hits this target within the next year.

Hess Corporation
Ticker: HES
Purchased: Jan 23, 2009
Purchase price: $52.28
Inherited price: $51.48
Current Price: $64.75
Analyst: Brad Shumpert

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, 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, 2009, the company operated 1,357 HESS gasoline stations. The company was founded in 1920 and is based in New York, New York.

The key to earnings growth for Hess is successful exploration for and production of crude oil, liquefied natural gas, and natural gas and their respective market prices. Overall production increased about 7% in 2009 and 103% of production was replaced by additions to reserves. Natural gas prices have been stagnant but crude oil prices have more than doubled since January 2009. Revenues declined more than 25% in 2009, from $ 41 million in 2008 to about $30 million, due to the steep fall and slow recovery of oil and natural gas prices. However, since the shares were purchased for the Milner fund in January 2009 quarterly revenue has grown at a compound annual growth rate near 8%. Hess increased its cash reserves by 50% in 2009 with the issue of new debt, though its debt to total capital ratio remained stable at close to 25%. Hess holds core acreage in the Bakken shale fields of North Dakota and saw stronger than expected performance from its Shenzi field in the deepwater Gulf of Mexico in 2009. The Company expects production from its Bakken field to provide growth of about 17% of current overall production levels over the next five years. The Company's success is highly dependent on oil prices, and it is a strong recovery play for 2010.

Icon PLC
Ticker: ICLR
Purchased: Feb 3, 2005
Purchase price: $8.48*
Inherited price: $22.76
Current price: $26.60
Analyst: Kristina Rodriguez
*Split adjusted

See the Davidson portfolio section of this report for additional information on Icon.

iShares S&P 500 Value Index
Ticker: IVE
Purchased: Mar 14, 2007
Purchase price: $75.49
Inherited price: $50.18
Current price: $57.88
Analyst: Matt Simonsen

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 2009-10, 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 17.1% of all holdings in the financial service sector. This has contributed to the steady rise in the current performance of the ETF.

Maxwell Technologies, Inc.
Ticker: MXWL
Purchased: November 18, 2009
Purchase Price: $17.456
Current Price: $12.71
Analyst: Kimyen Nguyen

MXWL is an energy storage company based in San Diego, CA. The company engages primarily in developing, manufacturing, and marketing of energy storage and power delivery products. The company's most popular product, the BOOSTCAP ultracapacitor, is used in various industries including transportation, automotive, telecommunications, energy, consumer, and industrial electronics. The ultracapacitor is capable of storing exceptionally large amounts of energy for its size and quickly discharges the energy electrochemically with zero emission. The company also has the CONDIS high-voltage capacitors comprising grading and coupling capacitors, and capacitive voltage dividers used in the electric utility industry to ensure the safety and reliability of electric infrastructure and other applications concerning transport, distribution, and measurement of high-voltage electrical energy. Lastly, the company also offers radiation-mitigated microelectronics, including power modules, memory modules, and single board computer and components used in the aerospace industry.

Maxwell Technologies is involved in an extremely competitive market with huge potential for growth. The company's focus is on its ultracapacitor products, which has goals of replacing traditional batteries in the long-run and supplementing them in the short-run. Although the company is in a competitive emerging market, it has several advantages that merit a conservative investment. The research and development costs for ultracapacitors are extensive; however, Maxwell produces two other product lines: high-voltage capacitors and radiation-mitigated products, which help to offset current costs. The majority of research predicts ultracapacitor sales to grow significantly in the following years worldwide as more countries are adopting stricter environmental regulations and ultracapacitors serve as a clean, safe, and durable substitute to traditional batteries.

In Q4 2009, Maxwell Technologies experienced a 22% increase in sales over the same period in 2008, with sales of ultracapacitors increasing by 52%. Despite the increased revenue, Maxwell Technologies was required by GAAP to record a $9.3M accrual for the potential settlement of FCPA violations in China made by their Swiss subsidiary. The management team believes that the payments in question were immaterial in all periods involved. Internal investigations are ongoing and the company is voluntarily sharing information related to the review with the SEC and DOJ. News of the potential settlement has been the driving factor of the decrease in stock value since the purchase by the fund.

NuSkin Enterprises
Ticker: NUS
Purchased: Nov 25, 2009
Purchase Price: $27.30
Current Price: $29.04
Analyst: Clay Andrus

NuSkin is a billion dollar consumer device manufacturer located in Provo, UT. The company focuses its products in anti-aging and skin care, as well as nutrition, cosmetics and general toiletries. The company uses a multi-level marketing distribution strategy with over 750,000 active distributors selling product in over 48 countries. The current market cap is about $2 billion, with annual revenues of over $1 billion in 2009.

NUS was purchased on three general premises: the aging population and tidal wave of demand for anti-aging products, recovering recession and the recognized trend of counter-cyclical distributor growth, and to add exposure to this sector in the investment fund portfolio. With a buy price of $27.30, analysis proved the company was undervalued with an implied share price of $30.95. Within five months the stock price rose to over $31.00, representing a return of greater than 14%, and beating the S&P by over 5%.

Powershares QQQ
Ticker: QQQQ
Purchased: Apr 29, 2009
Purchase Price: $34.029
Inherited Price: $40.27
Current Price: $49.03
Analyst: Ian Donaldson

Powershares QQQ is an exchange traded fund that seeks to mimic the NASDAQ 100, an index that holds shares of the 100 largest domestic and international companies listed on the NASDAQ, excluding financial companies. The ETF is most commonly referred to as "The Cubes," "The Quad-Qs," and "The Qs." The 2008-2009 fund managers had excess cash that was not being utilized, so they invested the cash in QQQQ.

The 2009 -2010 fund managers decided to maintain their current position in QQQQ to gain additional returns, as the broader market was expected to continue to recover. The NASDAQ has outperformed the S&P 500 over the past year, thus contributing to the positive performance of the ETF during the current managers' tenure.

Tata Motors Ltd.
Ticker: TATA
Purchased: Apr 22, 2009
Purchase Price: $7.05
Inherited Price: $11.98
Current Price: $19.34
Analyst: Shandra Corbitt

Tata Motors Ltd. (TATA) is an international consumer retail and commercial vehicle manufacturer based in India. The company produced its first vehicle in 1954 and has been growing since then. Tata Motors is listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), and the NYSE. Tata Motors specializes in the manufacture of small consumer vehicles internationally, but also competes in the commercial vehicle industry regionally.

Over the past ten years, the company has experienced international product and brand growth. Tata Motors has a stake in Jaguar, Land Rover, Daewoo, Carrocera (Spanish bus manufacturer), and joint ventures in both Brazil and Thailand.

The fund purchased TATA in anticipation of increased sales. The company recently introduced a new, five passenger inexpensive car in India. The stock has experienced significant appreciation over the past year, especially in relation to other car manufacturers. The fund has continued to hold Tata Motors due to its strong growth and business model.

Under Armour
Ticker: UA
Purchased: Dec 5, 2008
Purchase Price: $23.00
Inherited Price: $23.28
Current Price: $32.28
Analyst: Jonathan Bowen

See the Davidson portfolio section of this report for additional information on Under Armour.

Westinghouse Air Brake Technologies
Ticker: WAB
Purchased: Nov 8, 2006
Purchase Price: $31.4788
Inherited Price: $36.18
Current Price: $42.60
Analyst: Daniel Smart

See the Davidson portfolio section of this report for additional information on Wabtec.

<u>Divested Holdings:</u>

Aldila
Ticker: ALDA
Purchased: Apr 4, 2007
Purchase Price: $15.93
Inherited Price: $3.64
Sell date: Oct 7, 2009
Sell Price: $3.41
Analyst: Paul Burningham

See the Davidson portfolio section of this report for additional information on Aldila.

Research in Motion
Ticker: RIMM
Purchased: Nov 14, 2007
Purchase Price: $115.53
Inherited Price: $75.56
Sell Date: Oct 29, 2009
Sell Price: $61.16
Analyst: Daniel Smart

See the Davidson portfolio section of this report for additional information on Research in Motion.

Williams Companies, Inc.
Ticker: WMB
Purchased: Nov 5, 2008, Feb 20, 2009
Purchase price: $19.488, $11.06
Inherited price: $17.35

Sell Date: Oct 21, 2009
Sell price: $19.951
Analyst: Kelly Barton

See the Davidson portfolio section of this report for additional information on Williams Companies.

School Fund

Highlights

From the beginning of our management on August 26, 2009, to April 9, 2010, the School portfolio increased by 20.64%. This is compared to 16.18% and 21.23% for the S&P 500 and the NASDAQ indices, respectively.

Over the course of the academic year, the School portfolio has consisted of 11 stocks. The portfolio included three energy stocks, two technology stocks, two service stocks, one industrial stock, one consumer goods stock, one financial sector stock, and one foreign ETF. Reflecting the behavior in the market, 10 of the 11 stocks in the School portfolio experienced gains over our management period. The only stock to experience a negative return over this period was SunPower Corporation (SPWRA), which declined from $23.27 at our December purchase date to $18.18 in April. The most notable gains for the portfolio were realized by Guess? (GES), Deere & Co. (DE), and Anadarko Corporation (APC). Throughout our management period, the consumer goods sector experienced significant gains as consumers began to spend again. The energy sector experienced great shifts in pricing as well, reflected in our gain of 35.76% by Anadarko (APC) and our loss of 21.87% by SunPower (SPWRA). The fund held on to all but one of the inherited stocks due to anticipated increases in many of these sectors. The fund managers expected many stable firms to recover from significant losses in the previous year.

Strategy

The School portfolio has been funded by donations to the Student Investment Fund. The capital belongs to the school; therefore, the fund bears any losses and enjoys any gains. This portfolio is governed by the Student Investment Fund bylaws. The investment objective for the School portfolio is long-term, steady growth. Therefore, the stocks found in this portfolio are generally more mature, stable companies than will be found in the Davidson and Milner portfolios.

Individual Holdings:

Activision Blizzard, Inc.
Ticker: ATVI
Purchased: Mar 7, 2008
Purchase Price: $13.50
Inherited Price: $11.87
Current Price: $12.48
Analyst: Shandra Corbitt

See the Milner portfolio section of this report for additional information on Activision Blizzard.

Anadarko Petroleum Corporation
Ticker: APC
Purchased: Dec 3, 2008
Purchase Price: $36.33
Inherited Price: $54.01
Current Price: $73.30
Analyst: Nate Patterson

Anadarko Petroleum Corporation focuses on finding and producing oil and gas. Most of the company's operations are in the deep water of the Gulf of Mexico and in Algeria. In addition, the company operates in Brazil, China, Ghana, and Indonesia. Anadarko Petroleum Corporation has significant upside potential associated with its West Africa and Gulf of Mexico exploration programs. It also has significant upside potential associated with around 30 of its deep-water exploration and development wells.

Lastly, Wahoo, Anadarko's next mega project, might be able to double Anadarko's production within the next five to seven years. Anadarko recently performed a successful test on the site. The results suggested that Anadarko could reasonably pull oil out of this site by 2014.

BNY MELLON

Bank of New York Mellon, Corp.
Ticker: BK
Purchased: Mar 5, 2008
Purchase Price: $45.19
Inherited Price: $29.39
Current Price: $31.95
Analyst: Christopher Barton

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 2008-09 fund managers elected to hold this stock in hopes that in the long term, the School portfolio would benefit from this holding as the financial services sector began to recover from the losses experienced during the financial crisis.

The current fund managers also elected to hold The Bank of New York Mellon Corporation for the duration of the academic year and realized a holding period return of 8.14% or a monetary increase of $161.47 to the School fund. It is important to note that the current fund managers are currently discussing the elimination of their entire position in The Bank of New York Mellon Corporation for a more attractive financial sector investment.

comcast.

Comcast
Ticker: CMCSA
Purchased: Jan 17, 2007
Purchase Price: $29.99*
Inherited Price: $15.21
Current Price: $18.50
Analyst: Paul Burningham
*Split Adjusted

The current fund managers inherited Comcast from the previous year's class. Comcast is the largest cable provider in the United States. It offers a variety of entertainment, information and communications services to over 51.2 million residential and commercial customers. Comcast operates in an intensely competitive environment with increased competition from satellite providers and digital delivery of entertainment services. A significant portion of Comcast's revenue comes from residential customers and thus is subject to prevailing economic conditions. Through the recent economic downturn, and with increased competition, Comcast has continued to grow and increase its net income. In the last six quarters Comcast has beaten analyst earnings expectations. We believe Comcast is well positioned in the industry to continue to succeed in the long run.

JOHN DEERE

Deere & Company
Ticker: DE
Purchased: Nov 30, 2005
Purchase Price: $34.63*
Inherited Price: $46.31
Current Price: $61.68
Analyst: Jonny Murdock
*Split adjusted

Deere & Company's operations are divided into three main business segments: Agricultural and Turf, Construction and Forestry, and Credit. The Agriculture and Turf segment is responsible for the manufacturing and distribution of farm and turf equipment, as well as their related service parts. The Construction and Forestry segment is responsible for the manufacturing and distribution of machines and related service parts used in construction, earth moving, material handling, and timber harvesting. The Credit segment is responsible for financing the sales and leases of new and used equipment manufactured by the other two segments. Fund managers believe that Deere is a strong long-term investment because of its global exposure to agriculture as well as well as infrastructure construction in developing and developed nations. The stock price has risen significantly over the past year due to a rebounding global economy and increasing demand for agricultural and construction equipment.

Guess?, Inc.
Ticker: GES
Purchased: Apr 29, 2009
Purchase Price: $25.05
Inherited: 31.40
Current Price: $47.00
Analyst: Crystal Williams

Guess produces and sells clothing, accessories, and footwear. Guess is best known for its premium jeans, targeted primarily toward young women. It operates 432 retail and outlet stores throughout the US, 84 stores in Europe, and 13 stores in Mexico. The stock was at a six-month high when the 2008-2009 fund managers purchased the stock. Consumer confidence had begun to rise after a drastic stock market decline in the previous months. They believed Guess was a strong brand that would thrive off growing retail sales as consumer confidence increased. With a holding period return of 87.6%, the current fund managers wanted to hold the stock because of its strong growth.

iShares MSCI South Africa Index
Ticker: EZA
Purchased: March 3, 2010
Purchase Price: $56.44
Current Price: $62.19
Analyst: Trang Nguyen

iShares MSCI South Africa Index is an ETF comprised of South African companies. The fund is concentrated in industrial material companies, comprising 31.58% of the fund, and financial services, 27.15%. Other major sectors include telecommunications (11.07%), energy (10.33%), and media (6.96%). The decision to purchase this fund is a play on the ongoing development of South Africa. South African companies are expected to have an EPS of 38% in 2010. GDP is expected to continue to grow in 2010, as it grew 2.6% in the 4th quarter of 2009. In addition, this ETF purchase is also a bet on The World Cup 2010, which is being held in South Africa. The coverage will attract over 200 million viewers and countless tourists, bringing much attention to the country and their continued improvements. South Africa has the potential to become the next China or India as a booming, emerging market.

Microsoft Corporation
Ticker: MSFT
Purchased: Mar 15, 2004
Purchase Price: $25.23
Inherited Price: $24.64
Current Price: $30.34
Analyst: Trang Nguyen

Microsoft Corporation develops, manufactures, licenses, and markets various types of software products and services for computers and computing devices. The company is responsible for the most popular operating system for personal computers. The latest upgrade, Windows 7, has been received warmly since its release on October 22, 2009. On March 4, 2010, Microsoft announced they have sold 90 million Windows 7 licenses. Due to the success of Windows 7, Microsoft's shares have rebounded considerably from their 52-week low of $18.47. The fund managers decided to hold Microsoft due to the company's rebound in the OS market as well as for the general stability of the company.

SunPower Corporation
Ticker: SPWRA
Purchased: Dec 9, 2009
Purchase price: $23.27
Current price: $18.18
Analyst: Matt Simonsen

SunPower Corporation engages in the design, manufacture, and marketing of solar electric power technologies. It operates in two segments: components and systems. The components segment sells solar power products, including solar cells, solar panels, and inverters, which convert sunlight to electricity for the utility networks serving installers and resellers for use in residential and commercial applications. The systems segment offers power systems and system technologies, which include development, engineering, and procurement of permits and equipment, as well as construction management, access to financing, monitoring, and maintenance services. The company offers its products and services through a network of dealers primarily in North America, Europe, Asia, and Australia.

The solar power industry has grown significantly over the past decade as the need for alternative energy sources has increased around the world. Various macroeconomic factors, including fossil fuel constraints, global warming and the necessity of reducing carbon emissions, political factors and technical factors affect the volatility of risk within this industry. SunPower competes with companies including First Solar, Suntech and Q-Cells on price, quality and efficiencies generated from various solar products. The company's reputation is excellent and its management team has a record of continually beating earnings estimates, improving manufacturing processes and efficiencies, and acting in the best interest of its shareholders. By focusing on developing better cells for solar concentrator technology, SunPower has created a differentiated type of solar cell in which the metal contacts and grids are located on the back side of the cell. This design has improved efficiency tremendously, and has helped SunPower dominate the industry in solar conversion efficiency output. SunPower is currently mass-producing some of the highest efficiency solar panels available on the market.

SunPower is a competitive leader within its industry. Its intrinsic value was calculated to be roughly $40 per share. At the time, the company's current share price was $22.76, producing an undervalued amount of nearly $18.

Divested Holdings:

Williams Companies, Inc.
Ticker: WMB
Purchased: Nov 5, 2008
Purchase price: $19.52
Inherited price: $17.35
Sell Date: Oct 21, 2009
Sell price: $20.00
Analyst: Kelly Barton

See the Davidson portfolio section of this report for additional information on Williams Companies.

Luxottica Group S.p.A
Ticker: LUX
Purchased: Feb 14, 2007
Purchase Price: $31.65
Inherited Price: $24.40
Sell Date: April 21, 2010

Sell Price: $29.04
Analyst: Ben Fruin

The Luxottica Group is the world's largest consumer eye-ware company. It specializes in the production, manufacturing, and distribution of both corrective and UV protective eyewear, and owns the rights to prestigious brands such as Ray-Ban (1999) and Oakley (2007). In addition, the Milan based Luxottica owns the rights to Sunglass Hut and Lens Crafters stores which operate in a variety of international markets. The company's business channels include manufacturing and wholesale distribution, as well as retail distribution. It has garnered licensing deals with well-known designers such as Prada and Ralph Lauren, among others.

Fund managers purchased LUX on the basis that it would provide international exposure for the portfolio given its strong market position and growth opportunities. The success of this stock is contingent upon relatively high levels of consumer discretionary income, which is one reason why the stock has underperformed in recent years. In 2009, LUX nearly matched its record sales year of 2008, although the company's stock price remained relatively stagnant. The stock was sold upon the news that company executives projected low sales growth in 2010 for America and Europe, which account for 90% of the company's retail sales and 60% of the company's total business. In addition, the fund managers expressed concern with regard to the lack of concrete objectives presented by Luxottica management. The acquisition of Oakley has not been nearly as accretive to EPS as originally anticipated, which is disappointing given the fact that it has been three years since Luxottica's purchase of the sporting eye-ware leader. The devaluation of the Euro and the state of the European economy was the final reason the fund managers decided to exit the position in LUX.

Why we sold

As Student Investment Fund managers, we were responsible not only for purchasing stocks, but also for selling stocks whose future prospects were weak. Throughout the course of the year, we sold five of the stocks that we had inherited from the 2008-2009 Fund. In some cases, these stocks were sold on the basis of long term concerns, while in other cases the research analyst covering a particular stock decided to sell based on seasonal factors. The following analysis of the Fund's sell decisions includes lost gains (or avoided losses) based on the current price for these stocks as of April 15, 2010. The ratio of the current stock price to the price at which we sold is a measure of the overall quality of our sell decisions: a ratio above 1 indicates that the stock would have been worth more had we held it until April and a ratio below 1 indicates we avoided a loss we would have incurred had we continued to hold the stock. The ratio does not take into account the movement of the overall market, nor does it consider the performance of the stocks we bought in place of the stocks we sold.

The analysis of the sales decisions for the five stocks sold during the fund's current fiscal year is presented in chronological order based on earliest sale date.

Aldila (ALDA)
Sell Date: Oct 7, 2009
Sell Price: $3.41
Current Price (Apr 15, 2010): $5.40
Ratio of Current Price to Sell Price: 1.58
The Fund purchased 250 shares of Aldila on Apr 4, 2007, at a price of $15.93 per share.
Analyst: Paul Burningham

Aldila was sold amidst concern regarding consolidation in the golf industry, as well as the increased market share of club manufacturers that do not use Aldila shafts, such as Taylor Made-Adidas. Fund managers further believed that the decline in consumer discretionary spending over the past two years had taken its toll on the golf industry as a whole. Aldila's graphite club shaft sales to manufacturers and pro-shops were down for a significant period of time prior to the sell decision. In retrospect, the Fund should have held onto Aldila as the price on April 15 was $5.40 per share.

Williams Companies, Inc. (WMB)
Sell Date: Oct 21, 2009
Sell Price: $20.27
Current Price (Apr 15, 2010): $24.30
Ratio of Current Price to Sell Price: 1.20
Analyst:

The Fund invested in WMB shares on two separate dates. The first lot of 220 shares was purchased on Nov 5, 2008, at a price of $19.37 per share. The second lot of 200 shares was purchased on Feb 20, 2009, at a price of $11.09 per share.

The fund exited its Williams positions in the fall after learning that US natural gas reserves were much higher than the common reserves for this time of year. We expected that natural gas prices would fall in the winter leading to a decline in the price of WMB shares. In addition, several managers believed the Fund was over-invested in energy stocks and came to the decision that companies such as Anadarko Petroleum possessed more upside potential than WMB. The current price of WMB (as of Apr 15, 2010) is $24.30. Although the WMB sale generated fairly significant profit, the Fund may have been better served by holding the stock or at least a portion of the stock until a later date.

General Electric (GE)
Sell Date: Oct 21, 2009
Sell Price: $15.78
Current Price (Apr 15, 2010): $19.57
Ratio of Current Price to Sell Price: 1.24
Analyst: Kimyen Nguyen

The Fund initially purchased 330 shares of GE at a price of $17.16 on November 12, 2008. After GE cut its dividend, the previous Fund managers sold 230 shares, and retained 100 shares which we inherited. Our decision to sell GE centered on the fact that GE's earnings had been stagnant for several quarters. In addition, the firm's capital position had been compromised by the economic recession. The reduction of GE's credit rating also had a negative impact on GE's stock price. Fund managers believed there were better opportunities in the market and hoped to use the sale proceeds to invest in a stock with more upside potential. The current price of GE (as of Apr 15, 2010) is $19.57 per share.

Research in Motion (RIMM)
Sell Date: Oct 29, 2009
Sell Price: $61.24
Current Price (Apr 15, 2010): $73.93
Ratio of Current Price to Sell Price: 1.21
Analyst: Daniel Smart

The Fund held stock in RIMM for almost two years after making its purchase of 65 shares on Nov 14, 2007, at a price of $115.53 per share.

The Fund decided to exit its position in RIMM after analyzing the company's growth model in comparison to that of Apple (AAPL), RIMM's primary competitor in the smart phone segment. Sales of RIMM's Blackberry Storm, which was positioned as a touch-screen competitor next to Apple's iPhone were much lower than anticipated. In addition, Blackberry products had not evolved as much as current products in the market and software developers had grown tired of designing applications for RIMM's archaic interface. RIMM's market share had been declining and Fund managers believed the iPhone would soon overtake RIMM's Blackberry line due to the popularity of its applications, many of which can be downloaded for free in a matter of seconds. RIMM is currently trading at a price of $73.93 per share.

Luxottica Group (LUX)
Sell Date: Apr 21, 2010
Sell Price: $29.04
Current Price (Apr 15, 2010): $28.73

Ratio of Current Price to Sell Price: 0.99
Analyst: Ben Fruin

The Fund managers voted to sell the 150 shares of Luxottica that had been acquired on Feb14, 2007 for a price of $31.65 per share. The shares were sold at a price of $29.04 resulting in a minor loss for the three year holding period.

This decision was reached after analysis of the firm's quarterly report showed very few concrete growth objectives. While the stock did outperform the S&P 500 for the three-year period, the managers concluded that the stock has limited upside potential as managers believe that the eyewear industry is in the mature phase. Luxottica's acquisition of Oakley had not proven to be as accretive to LUX as originally forecast. The managers decided that the Fund would be better off investing in stock with more room for growth and more discernable objectives. As the stake in LUX approached its breakeven point, the timing appeared right to make such a change.

****

Four of our five sales occurred in October. Between October 15, 2009, and April 15, 2010, the S&P increased by a bit over 10%; these four stocks grew between 20% and 58%. Of the four, Aldila was the worst sell decision, as its current price to sell price ratio is significantly higher than the other three, which are clustered between ratios of 1.20 and 1.25.

The following chart is a summary of the four sales transactions made prior to April 15, 2010. Luxottica was sold after this date and therefore its data have not been included, as it is still too early to determine the impact of this sale on the Fund's performance.

	ALDA	GE	RIMM	WMB
Inherited price	$3.64	$14.30	$75.56	$17.35
Sale Price	$3.41	$15.78	$61.24	$20.27
Current Price	$5.40	$19.57	$73.93	$24.30
Forgone Return	58.4%	24.0%	20.7%	19.9%

What We Bought

Whether the decision to sell those stocks was a good one ultimately depends on whether our reinvestment decisions produced greater returns than we would have realized had we continued to hold those stocks. The table below shows the companies in which we reinvested the proceeds of those sales.

Ticker	Purchase date	% Return (as of April 15)
CRM	29-Oct-09	40.7%
MXWL	18-Nov-09	-20.6%
NUS	25-Nov-09	14.4%
UA	9-Dec-09	27.8%
EMC	9-Dec-09	15.5%
SPWRA	9-Dec-09	-19.8%
CELG	24-Feb-10	2.4%
EZA	10-Mar-10	8.9%
PMD	14-Apr-10	3.0%
LVS	15-Apr-10	-3.5%
C	21-Apr-10	-4.2%
PG	21-Apr-10	-0.4%

Our two investments in alternative energy, Maxwell Technologies (MXWL) and Sunpower (SPWRA) performed poorly. Generally, the investments we made fall semester outperformed those we made in the spring, reflecting general market trends.

What We Did

Guest Speakers

Daniel Robinson, Alix Weiss, and Huan Yuan

August 25, 2009

Topic: Introduction to Student Investment Fund/Lessons Learned

Mr. Robinson, Ms. Yuan, and Ms. Weiss were among the 2008-2009 managers of the Student Investment Fund. They came to speak about their experience as fund managers, identifying important investment strategies and stressing the benefits of team collaboration. They emphasized the importance of researching industries with which we are familiar and which interest us. Finally, they stressed the importance of having a clear thesis in making investment decisions.

Meeting with Fund Alumni organized by Stephen Jeffries, Wells Fargo Center

September 10, 2010

Topic: Getting the most out of SIF; current market trends

On September 10, we joined Stephen Jeffries and other SIF alumni at the Wells Fargo Center in downtown Salt Lake. The alumni shared their experiences since graduating, spoke about what they had learned as SIF managers, and shared their thoughts on attractive investment opportunities.

Ryan Snow, Portfolio Manager for Wasatch Advisors

September 15, 2009

Topic: Stock Selection/Investment Philosophy

Mr. Snow came to speak about Wasatch Advisors' investment philosophy. He stressed that the keys to greatness are confidence, hard work, deliberate practice, and passion. Mr. Snow elaborated on Wasatch Advisors' philosophy investment, ABGC (America's Best Growth Companies). He stated that an ABGC stock can be found by analyzing its business model, testing for economic excellence and growth potential, investigating management, looking for a sustainable competitive advantage, performing a careful valuation, and by identifying big picture trends. Finally, he left the fund managers with critical advice, "You must resist the temptation to stray from your guidelines: if you aren't willing to own a stock for ten years, don't even think about owning it for ten minutes."

Fred Dixon

Senior Vice President & Chief Market Strategist, D.A Davidson &Co.

February 16, 2010

Topic: Smart Investing

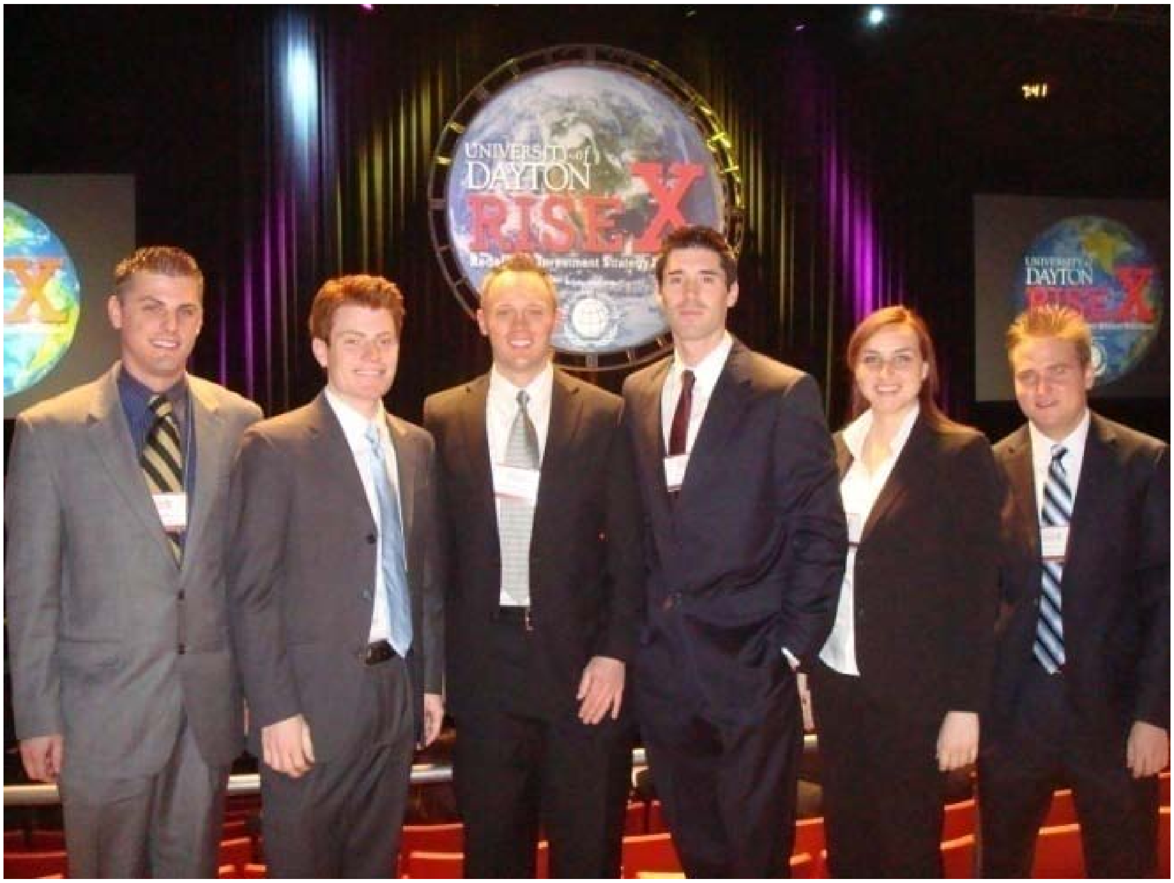
Mr. Dixon lectured on economic effects on investment strategies. He opened with an intense video presentation describing the massive changes in the dynamics of the world within in a few years. Next, Mr. Dixon touched on the psychological profile of a market cycle, leading economic indicators, market metrics, and forecasting market reactions. In the end, he related his topics to D.A Davidson's focus list of stocks. Mr. Dixon left the fund managers with the advice to constantly analyze the markets, consider the economic climate, and to prepare for the future.

Hal Milner

April 27, 2010

Topic: Business Ethics

Hal Milner spoke to the class about how to be ethical and still be a winner. He opened up with a quote from his Uncle Les, "They came to beat me; I just make sure I beat them." He stated that the combination of luck, being of aware of change, and doing unpleasant (legal) things may be necessary to succeed. Finally, Mr. Milner closed with four guidelines to follow to be successful: 1) be bold 2) know the rules of the game 3) make change work for you, and persevere.



R.I.S.E. X GLOBAL STUDENT

INVESTMENT FORUM

Five of the portfolio managers and a member Top Jobs had the opportunity to represent the University of Utah at the 2010 RISE Forum from March 18-20 in Dayton, Ohio. The Redefining Investment Strategy Education Forum, which is co-sponsored by the University of Dayton and the United Nations Global Compact, has a mission to bring together the best leaders - academic, business, political, financial, media and top global finance students – to participate in panel discussions and informal presentations. In addition, a primary focus of RISE is to foster an interactive dialogue between the best and brightest on Wall Street and the students who will soon be their colleagues.

The first day of the forum included panel discussions from a variety of internationally prominent market experts and industry leaders. A keynote speaker took the floor for five minutes to start a debate related to the panel's specialty. After each member of the panel had expressed an opinion, students were then given the chance to lead the forum's direction through a series of ideas and questions. The panels discussed topics such as markets, corporate governance, risk management, energy and sustainability. Nicholas Sargen, a renowned international economist had this advice for the finance industry's future leaders, "Know what you don't know, be open-minded to possible scenarios, and get the trends right, then and only then, will you get the underlying idea right." Wise investors conduct extensive due diligence before jumping into any investment.

On the second day of RISE, students attended a myriad of workshops with panel discussions from professionals in various financial industries. The professional panels discussed topics such as investing in private capital, risk management, real estate, financing new ventures, and credit default swaps. Furthermore, students had the opportunity to attend workshops such as a futures trading simulation, where one participant made 900 trades in an hour. Following four breakout sessions, student participants attended a farewell dinner where winners of an intercollegiate portfolio performance competition were recognized for superior performance.

On the final day, conference attendees participated in two career strategies forums of their choice covering topics including hedge funds, equity analysis, regulatory banking, financial journalism, graduate school, and CFA certification. The RISE conference is highly recommended to enthusiastic students who are interested in networking, career paths, and insight into financial markets.

Presentations to Business Professionals

Celgene (CELG)

On February 16, 2010, the University of Utah Student Investment Fund held a presentation recommending a buy for Celgene Corp. The following community members attended the presentation.

Matt Crouse	Western Investment
Jack Gertino	First Interstate
Fred Fairclough	Bonneville Mortgage
Brad Heitmann	Granada Capital
Stephen Jeffries	JR Miller
Hal Milner	Kesington
Nate Packer	Ivory Homes
Greg Schow	Lunt Capital
Seth Shaner	Sterling Financial
Tom Stringham	University Venture Fund
Ramona Stromness	Richard T Pratt
Greg Thornton	DA Davidson
Rex Thornton	DA Davidson
Devin Thorpe	Mona Vie
Paul Thurston	First Interstate
Alix Weiss	Fund Alumna

Celgene specializes in the development, manufacturing, and distribution of drugs aimed at treating blood and lung cancers. The company was formed in 1986 when Celgene was spun off from Celanese. The company went public in 1987. Celgene is listed on the NYSE under the ticker CELG.

Celgene distributes most of its drugs from its manufacturing facility in Boudry, Switzerland. In the U.S., these products are primarily sold and distributed to large wholesale distributors and specialty pharmacies. In 2008, the firm had $1.58 billion in revenue from the U.S., $657.9 million in revenue from Europe and $14.9 million from all other countries.

The following table details Celgene's most prominent products.

Name	Treatment	Patent Exp.	2009 Revenue
Revlimid	MSD*, MM**	2026	$1.71B
Thalomid	MM, ENL***	2013	$487M
Vidaza	MSD	2011*	$387M

*MSD=Mylodystplastic Syndrome
**MM=Multiple Myeloma
***ENL= Erythema Nodosum Leprosum

In addition to these drugs, Celgene also has a stem-cell banking business, LifebankUSA, designed to extract and store stem-cells from newborns for possible future use by the child or family members. Celgene also has 9 drugs in various phases of the FDA approval process. Several of these drugs have already been approved by the FDA for the treatment of certain diseases, but are still undergoing the approval process for the treatment of other diseases.

The fund managers value Celgene at $73.48, above the price of $54.77 at the time. This valuation, achieved through thorough Discounted Cash Flow analysis, is reflecting the potential of Revlimid, a drug set to pass FDA approval for first-line Cancer treatment. This approval is projected to triple Revlimid's revenue by 2016. In addition, the current undervaluation of the company is due to market overreaction to healthcare reform, in which the entire healthcare industry has been performing poorly. The fund managers believe that with the immanent FDA approval of Revlimid as well as forthcoming healthcare industry stability, Celgene is in a perfect position for sustainable growth.

MYR Group, Inc. (MYRG)

On March 30, 2010, the University of Utah Student Investment Fund presented a recommendation to buy MYR Group, Inc.

The following community members attended the presentation.

Buzz Welch	University of Utah
Brad Baldwin	Commerce CRG
Nick Bapis	Hightower Advisors
David Broadbent	Ivory Homes
Phil Clinger	Merrill Lynch
Lynn Dougan	Dougan & Associates
Joseph Erickson	Erickson Advisory
Brett Haymond	Zions Bank
Stephen Jeffries	JR Miller Corporation
Hal Milner	Kensington Corporation
Rich Potashner	Merrill Lynch
Dick Pratt	Richard T. Pratt Assoc.
Don Rands	Zions Bank
Seth Shaner	Sterling Financial Group
Ryan Snow	Wasatch Advisors
Greg Thornton	D.A. Davidson
Rex Thornton	D.A. Davidson
Devin Thorpe	Mona Vie
Paul Thurston	First Interstate Int'l

MYR Group, Inc. is a leader in the electrical contractor industry. Founded in 1891 by L.E. Myers, who worked with Thomas Edison in the late 1800s, MYR Group constructs power lines, alternative energy infrastructure, commercial and industrial electrical services, and performs storm restoration, telecommunications services, and traffic signalization through its six subsidiaries. With approximately 3,000 subsidiary employees, MYR Group offers its services across the contiguous United States with business offices in 19 states. The company's operations are divided into two segments: Transmission and Distribution, and Commercial and Industrial contracting services.

In a highly fragmented industry, MYR Group has approximately 8% market share for transmission and distribution. MYR Group is the fourth largest company in the industry. The majority of the companies in this industry have very little market share as they are small firms operating in local markets. MYR group has national reach in its T&D segment, while concentrating in the Southwest for its Commercial & Industrial (C&I) segment, where it has gained significant market share.

At the end of Q4 2009, MYR Group had total debt of $30 million and a total debt to capital ratio of about 9%. Approximately 20 percent to 40 percent of the annual volume of business requires performance bonds or other means of financial assurance to secure contractual performance. Such bonding is typically issued at the face value of the contract awarded. The company's low leverage and flexibility give it an advantage relative to its competitors. MYR Group's valuation should improve as major transmission projects are started, which could lead to excess demand for services and provide opportunities for margin expansion. Based on a discounted cash flow and multiples analysis, fund managers derived a one-year target price of $20.72, which at the time was above the trading price of $16.93.

Lessons Learned

During the course of the 2009-2010 academic year, the S&P 500 has returned over 16%. All three portfolios within the Student Investment fund have outperformed this benchmark, though the NASDAQ has outperformed the School and Davidson portfolios. Stocks have trended upward steadily since March 9, 2009, when the S&P hit its low of 676. It has since risen nearly 80% to about 1,200. This is roughly equal to where it stood in December of 1998, and where it again passed in 2005 on its way to a high of 1,550 in 2007. Bullish sentiment has returned in force, though valuations suggest that the market could be slightly overpriced in anticipation of earnings growth in 2010.

An investment decision involves much more than the recent financials of a company and a consensus of growth opportunity. The variety of questions asked by the professionals that attended our presentation demonstrated the wide range of issues that need to be considered when making an investment.

Valuation is the key to investing in stocks. However promising or dismal the prospects of a company appear to be, it is most important to evaluate whether or not that sentiment has already been priced in. If it appears that the market is exhibiting some degree of inefficiency, then an effective investment pitch must include identification of the catalyst that will lead to the correction of that inefficiency.

In hindsight, it appears that we sold several stocks prematurely. These sales were predicated on the belief that the future growth prospects of these companies were limited. The long term outcome of these transactions is unknown. Famous American financier Bernard Baruch once said, "I made my money by selling too soon." These sales definitely appear to be bad decisions, but in six months they may not be. The following is a summarization of lessons learned this year in the portfolio:

Williams Companies (WMB) was sold because of the unusually high reserves of natural gas in the United States and the downward consumption of said resource. However, if the fund had retained the stock, it would have gained 26% had we not sold it in November of 2009.

Adila, remained at a solid low for quite a few months and the fund felt its money would be put to better use elsewhere. However, Aldila would have gained 56% had we not sold it in October of 2009.

With lackluster sales of its Blackberry Storm in comparison with Apple's iPhone, the fund felt Research in Motion's (RIMM) products had not evolved as much as current products in the market. However, RIMM would have gained 20% had we not sold it in October of 2009.

The fund sold General Electric (GE) and felt its money could be put to better use elsewhere. However, GE would have gained 26% had we not sold it in November of 2009.

Update: August 20, 2010

As of August 20, 2010, during the time we managed the SIF portfolios, the S&P gained 4.25%, the NASDAQ index gained 7.68%, and the overall return on the SIF portfolios was 14.66%. The only transaction over the summer was the cash acquisition of Cybersouce for $26 per share.

The tables below compare the total gross return (including dividends) for each stock we held throughout the year to the return on the S&P 500 during the same holding period. We measure both the individual stock returns and the S&P returns from the day we inherited or acquired the stock until either the day we sold the stock or August 20, 2010. Overall, 30 of our 49 positions outperformed the S&P (we invested in some stocks in more than one portfolio).

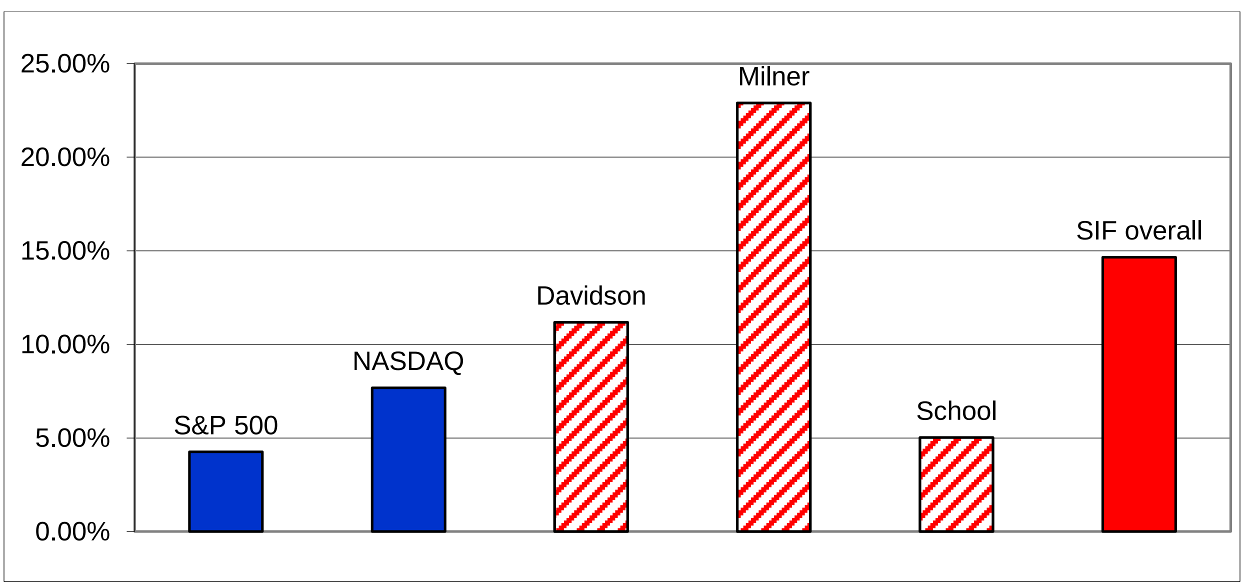
	Gross Return	S&P return
Davidson Portfolio		
CRM	89.53%	0.83%
UA	40.76%	-1.56%
ICLR	-1.19%	4.25%
WMB	17.46%	6.78%
C	-25.30%	-11.27%
CERN	17.22%	4.25%
CELG	-9.34%	-2.88%
GE	10.35%	6.78%
WAB	18.08%	4.25%

TBT	-32.87%	4.25%
OIL	-12.86%	4.25%
ALDA	-6.32%	2.50%
URE	50.79%	4.25%
RIMM	-18.95%	3.40%
CYBS	64.45%	4.05%
SPY	6.28%	4.25%

	Gross Return	S&P return
Milner Portfolio		
NUS	0.62%	-3.49%
EMC	11.58%	-1.56%
ICLR	-1.19%	4.25%
WMB	15.63%	6.81%
LVS	20.55%	-10.94%
CERN	17.22%	4.25%
ATVI	-5.56%	4.25%
WAB	18.08%	4.25%
IVE	5.11%	4.25%
ALDA	-5.73%	2.50%
HES	0.31%	4.25%
DEO	9.61%	4.25%
AKAM	168.27%	4.25%
RIMM	-19.06%	3.40%
ABB	0.28%	4.25%
CYBS	64.45%	4.05%
MXWL	-28.41%	-3.09%
UA	57.99%	4.25%
TTM	90.01%	4.25%
QQQQ	11.91%	4.25%

	Gross Return	S&P return
School Portfolio		
MSFT	0.45%	6.81%
WMB	15.91%	6.81%
SPWRA	-53.20%	-1.56%
EZA	4.16%	-4.21%
DE	43.10%	4.25%
APC	-9.16%	4.25%
PMD	15.39%	-10.94%
PG	-3.69%	-11.27%
GES	27.01%	4.25%
CMCSA	19.40%	4.25%
LUX	20.00%	17.49%
BK	-14.90%	4.25%
ATVI	-5.56%	4.25%

Our performance in each portfolio and our overall performance, along with the performance of the S&P and NASDAQ indices is shown in the chart below. Overall, we outperformed both of these major indeces.



Other Information

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