



STUDENT INVESTMENT FUND

2012-2013 Annual Report



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ACKNOWLEDGEMENTS

We would like to thank the following individuals and organizations for their generous support.

For their financial support of the Student Investment Fund, we thank

DA Davidson
Hal Milner
Cal Boardman

For their time, we thank our speakers and the community members who participated in our presentations; those individuals are identified by name later in this report

For financial support for attending the RISE conference, we thank

David Eccles School of Business
ASUU

For sponsoring the local CFA Institute Research Challenge, we thank the Salt Lake CFA Society

BACKGROUND

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 \$30,000 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 \$18,000 to the investment fund program.

Beginning in December 1998, students formed the 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 was comprised of 12 students and their advisor, finance professor Dr. Elizabeth Tashjian.

For the fund's first year, the students 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. 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. Although the S&P declined by 19.3% and the NASDAQ index lost 14.4%, the Student Investment Fund lost only 4.7%.

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 fund received \$25,000 to begin a Socially Responsible Fund in the spring semester of 2011 and received another \$17,000 in the summer of 2013. This new portfolio is devoted to investments in stocks that the fund managers deem to be socially responsible based on a number of criteria. These investments must also meet the analysts' standards in terms of financial and economic performance in order to be held in the fund.

Analyst Profiles

During the 2012-2013 academic year, the Student Investment Fund had 15 student analysts managing equities across four portfolios.

Ashley Atkinson

Ashley is a graduating senior with a B.S. in Finance. She has represented the business school on the annual Week on Wall Street event and the R.I.S.E. conference. Ashley has accepted a job offer in business development with Bank of American Fork that she will begin later this year. She plans to pursue an MBA or law degree after a few years of industry experience and world travel.

Farah Azmi

Farah Azmi is a junior pursuing a B.S. in Finance. She has been an active participant in various organizations at the University of Utah, where she has served as President of the Finance Club, as well as a member of the Business Student Executive Committee and Honors Student Advisory Committee. She was also chosen to be a part of the Student Consulting Initiative. As a sophomore, Farah was selected as one of seven in the nation for Barclays' Generation Next Program, where she was an investment banking intern in New York City. This summer, Farah will be returning to Barclays Investment Bank, where she hopes to receive a full-time offer. In the future, Farah plans to pursue an MBA and start her own fashion company.

Thania Burningham

Thania is currently pursuing her B.S. in Finance and will graduate May 2014. She completed a sophomore internship at Goldman Sachs in its operations division. During her junior year Thania served as the Vice President of Professional Development for the Finance Club and participated as a member of the National Investment Banking Competition and CFA teams. This summer Thania will be an investment banking intern with Jefferies in New York City where she wishes to continue her career.

Matt Cunningham

Matt is a graduating senior with a B.S. in Finance. After graduation, he will join Goldman Sachs Asset Management, working within the Private Equity Group. Matt was involved in various activities during his time at the University of Utah, including the Finance Club, Student Consulting Initiative, and CFA Research Challenge.

Stuart Doane

Stuart is a graduating senior with a B.S. in Honors Finance. This year he has been interning in the President's Office for the University of Utah as well as working as an analyst intern at the Investment Management Office, which oversees the University's endowment of \$550 million. Stuart has accepted a full-time analyst position with SVB Capital, a venture capital firm in Menlo Park, CA. He is currently studying for the CFA exam, playing tennis, and coaching his Special Olympic basketball team in his limited free time.

Jie Dong

Jie Dong is a graduating senior with a B.S. in Finance. He is a credit transfer student who came from Renmin University of China. He was the manager of the Renmin University's Finance Fund of Jinxue Finance club for 3 years. During that period, the fund has made 12,000 RMB in 2008, 5,000 in 2009, and 31,000 in 2010. He completed an internship with Agriculture Bank of China. He plans to pursue an MSF degree in the near future.

Jordan Fawson

Jordan has completed a B.S. in Finance and is close to finishing his B.S. in information systems from the University of Utah. Jordan is eagerly pursuing a career in business intelligence and hopes one day to own and run a consulting firm that deals with corporate culture. His other interests include fraternity life, religion, wakeboarding, training and competing in triathlons, and running a small landscaping company.

Jenny Flatberg

Jenny Flatberg is a sophomore pursuing a double major in finance and economics and a minor in mathematics. She has worked with the Utah Community Research Group as Client Lead for the Utah Girl Scouts and with the Student Consulting Initiative as Student Consultant for Rio Tinto. Jenny's three key areas of interest are banking and the Federal Reserve System, natural resource management, and the global movement of money.

Todd Fivas

Todd is a graduating senior with a B.S. in Finance. He worked as a manager in inventory accounting at 1-800-CONTACTS for several years before taking a job at a local cloud computing firm. He plans on accepting a position in foreign exchange derivatives at the Royal Bank of Scotland this summer and looks forward to pursuing an MBA after a year on hiatus from the university.

Geoff Glade

Geoff is graduating with a degree in Honors Finance. For his thesis he researched Salt Lake City residential real estate and compared it to other investment options, including real estate in other cities around the country. He currently works as an accountant for JCPenney. However, he has always been more entrepreneurially minded. He owns two rental units and wishes to be able to make a career of investing in real estate full-time.

Zhao Jin

Zhao is currently pursuing B.S. degrees in Honors Finance and Mathematics and a minor in Economics with an expected graduation date of December 2014. He has been working as a teaching assistant for several classes including Business Statistics, Application of Business Statistics, and Financial Management at the David Eccles School of Business. In addition, he was part of University of Utah's 2012-2013 CFA Global Investment Research team. He plans on pursuing a Ph.D. degree in Finance in the near future.

Jessica Lee

Jessica is currently pursuing a B.A. in Finance and will be graduating May 2014. She enjoys being involved with on-campus activities and organizations. She was elected as an Assembly representative for the business school during 2012-2013 school year. She was the VP of Communications for Finance Club and she will continue her involvement as the AVP of Career Conference next year. She was part of the

University of Utah 2012-2013 CFA Institute Research Challenge team. During the summer of her sophomore year, she interned with Goldman Sachs Operations division. This summer, Jessica will be interning with Wells Fargo Corporate Banking Financial Institutions Group in Philadelphia.

Nathan Peterson

Nathan Peterson is a junior in the David Eccles School of Business pursuing a double major in finance and accounting. This past summer, Nathan was a financial analyst at eBay where he developed a model for tracking business progress, leading to a 20% reduction in preparation time. The successful model has since been implemented globally. Nathan currently works in the Student Consulting Initiative where he has been providing consulting services for Rio Tinto's Kennecott Mine, as well as developing a valuation model for their mining operations. Nathan will be working for the FDIC this summer and providing financial analysis on commercial banks in the region. He has had the unique opportunity to live and study abroad in multiple countries, including South Africa, Malaysia, Singapore, Canada, and Australia.

Michael Sayre

Michael developed a passion for business after helping a startup e-commerce company develop a new business plan. Having a background in physics, chemistry, and math, Michael is very comfortable with numbers and found finance to be a perfect fit. He currently has an internship with a local financial and strategic consulting firm. He looks forward to graduating with his B.S. in finance this summer.

Xiaojuan Song

Xiaojuan Song is a graduating senior with a B.S. degree in Finance. She has accepted a full time offer from an investment firm in her home country of China. She plans to pursue a graduate degree after a few years work experience.

PORTFOLIOS UNDER MANAGEMENT

Student Investment Fund Overall

STRATEGY

The Student Investment Fund consists of four different portfolios, each of which has a slightly different investment goal. Every stock purchase must be ratified by a majority vote. In the School Fund, which is the school's own money, our focus is on less-risky and established companies. In the Socially Responsible Fund, we invest in companies that make a conscious effort to have a positive impact on society. These companies must pass an additional super-majority vote on whether they are socially responsible before being purchased for this portfolio. In both the Milner and DA Davidson fund, we had a higher risk tolerance and focused more on investing in small cap companies.

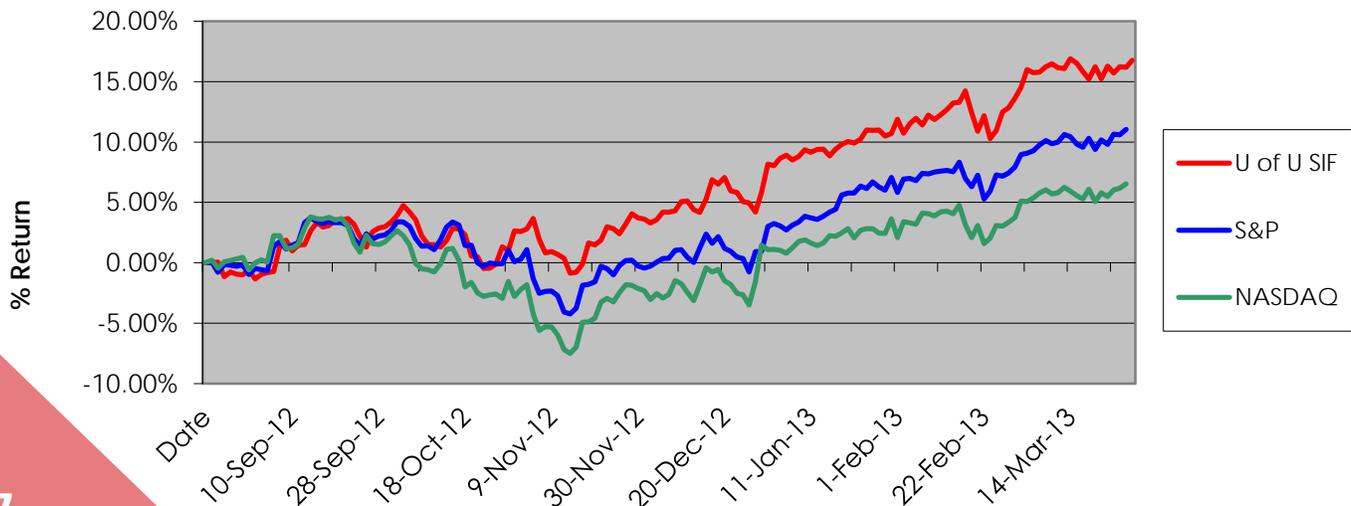
Overall, the fund analysts were bullish on the market for the year. As a result, we were drawn towards small cap companies with high betas. We maintained small amount of cash, and we were generally quick to find a place to invest it. We occasionally sold stocks we believed to be underperforming, but primarily focused on buying stocks.

During the beginning of 2013, the stock market rallied month after month. During the 2013 summer, we plan to continue to keep our positions. However, we believe that there may be a contraction in the market and will pay close attention to our holdings, looking for signs that we should close out our positions and move into cash.

Two other areas of focus this year were improving diversification and some industry-specific bets. In a number of years, fund analysts have favored tech stocks. We were light in tech and were more drawn to high-end retail and energy. The recession heavily affected middle and lower income households and drove customers to shop at cheaper places such as Wal-Mart and Dollar General. On the other end of the spectrum, high-income households were not as negatively affected by the recession and were able to afford luxurious items. We earned high returns on the companies that offered luxury items. We also believe that in our energy-driven world there are many good opportunities to invest in the energy industry.

Midway through the year, we looked at the weights of our investments by industry. We discovered that we were not as heavily invested in the financial stocks as we would have liked to be; this led to us investing in a number of financial companies that have performed very well for the fund. The graphs below show our portfolio at the end of March 2013.

**Portfolio Return v. S&P and Nasdaq
2012 - 2013**



HOLD DECISION ANALYSIS

The fund analysts held 33 of the companies we inherited in our various portfolios. Measuring from August 21, 2012 through March 28, 2013, 24 of the 33 companies outperformed the S&P and 26 outperformed the NASDAQ. The five top performers were Hess, Ford, Icon, Thermo Fisher, and Cerner. The five companies that exhibited negative returns during the year were Apple, Akamai, Maxwell, Microsoft, and Ebix. However, Maxwell, Ebix, Siemens, Ford, Comcast, and Zynga have exhibited negative returns since their dates of purchase. Overall we made some good hold decisions. Because the market was on the rise for most of the year, our decision to hold stemmed from whether we found a more promising stock in which to invest our funds. We wanted to have all our funds allocated instead of sitting in cash and so we actively chose to keep winners.

SELL DECISION ANALYSIS

The Student Investment Fund made the decision to sell stocks if we determined that the company could no longer answer one of two questions affirmatively: 1) is the company relevant in the marketplace? 2) is the company performing well in the marketplace? We sold ten companies during the academic year because they did not satisfy either one or both of these criteria. For example, we sold SKUL after determining that its products were faring badly compared to competitors' (criterion one). When AMD stock price continued to decline in value and the stock was unable to meet the second criterion, we decided it was time to sell.

The chart below illustrates that using these two criteria to inform our investment decisions was effective in deciding when to sell a company. During the academic year we sold a total of ten securities, eight out of these ten companies declined in price after we sold them. Net App's stock price increased after we decided to sell. Ancestry.com shares were repurchased when the company was acquired.

Stock	Sales Price (\$)	CurrentPrice (\$)*	Forgone Return
NTAP	32.19	34.16	6.1%
GES	26.14	24.83	-5.0%
EZA	65.99	63.85	-3.2%
RIO	51.87	47.08	-9.2%
TZOO	23.80	21.37	-10.2%
SKUL	6.93	5.28	-23.8%
URBN	42.93	38.74	-9.8%
CYOU	30.60	28.89	-5.6%
AMD	3.76	2.55	-32.2%
ACOM	32.00	32.00	0.0%

*Close on March 28, 2013

Fund analysts made several wise sales decisions during this year. Highlights were the decision to sell Advanced Micro Devices on the September 12, 2012, and Skull Candy on January 23, 2013. Both of the stocks have decreased over 20 percent from the period after the sale through March 28, 2013. None of the sell decisions hurt the fund too dramatically, as the largest gain on any stock after we sold it through March 28, 2013, was a little over 6 percent. Given that the market generally rose during the year, our sales record is particularly impressive.

Davidson Portfolio

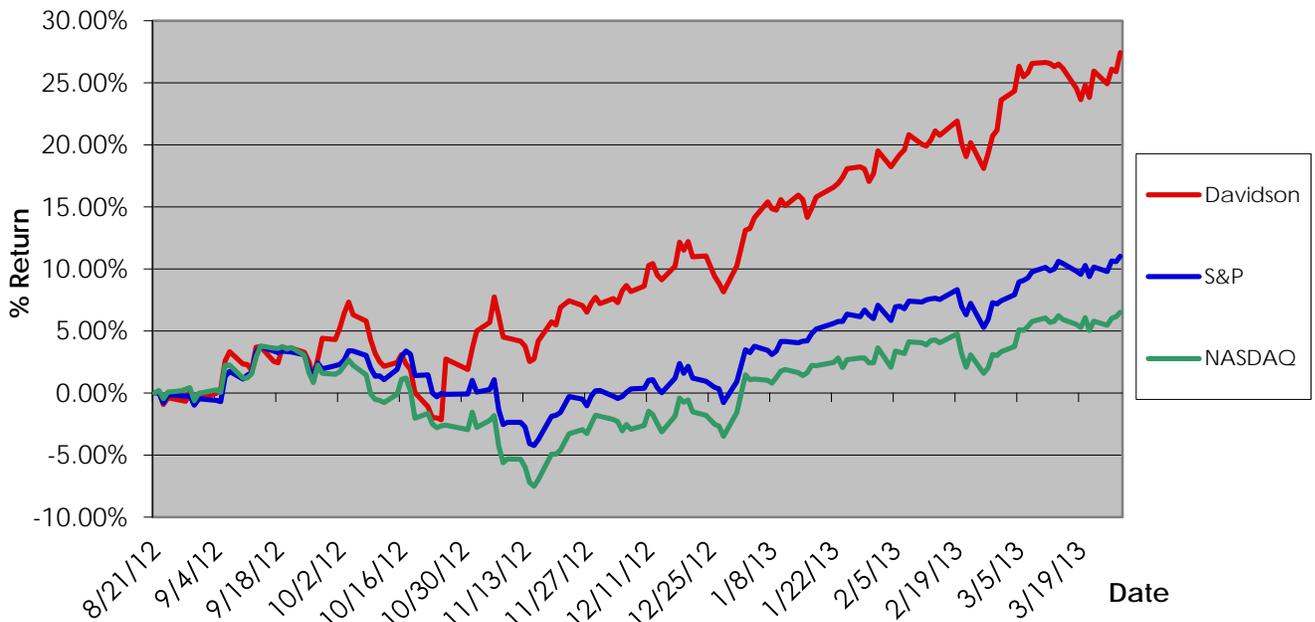
STRATEGY

D.A. Davidson maintains the Davidson Portfolio. The portfolio is to reset to \$50,000 each September 1. When the Student Investment Fund (SIF) experiences gains over 5 percent, D.A. Davidson contributes half of the gains over 5 percent to SIF. SIF's strategy in regards with the Davidson Portfolio is to invest in growth and small to mid cap stocks.

HIGHLIGHTS

The Davidson Portfolio outperformed both the S&P 500 and the NASDAQ for most of the academic year holding period. As of March 28, 2013, since inheriting the Davidson Portfolio on August 21, 2012, the portfolio has had a cumulative return of 24.25 percent after adjusting for the cash withdrawn for rebalancing by D.A. Davidson. On March 28, 2013, the Davidson portfolio had a total value of \$63,912.91. The best performing stocks included ICON (ICLR), Changyou.com (CYOU), Cerner (CERN), and Oasis Petroleum (OAS). The worst performing stock was Advanced Micro Devices, Inc. (AMD), which was sold on August 29, 2012.

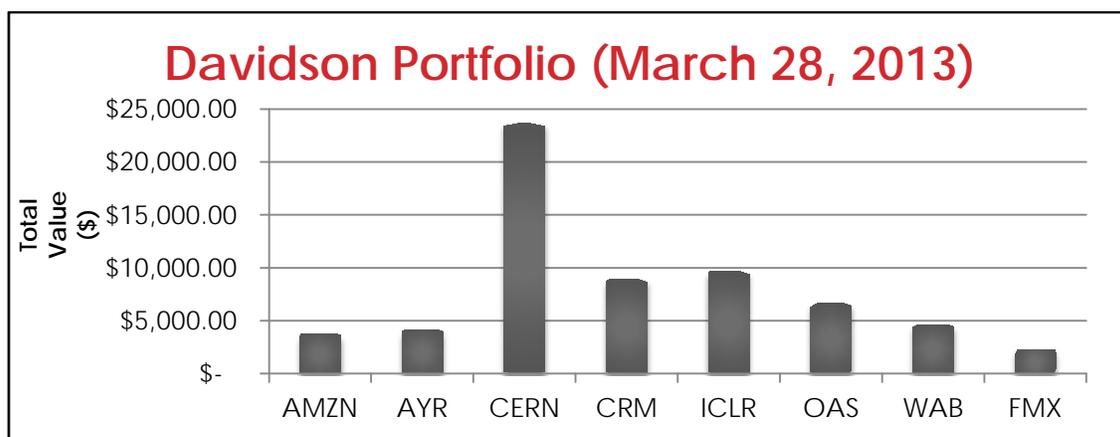
**Portfolio Return v. S&P and Nasdaq
2012 - 2013**



HOLDINGS

SIF held the following positions in the Davidson Portfolio as of March 28, 2013. The portfolio held \$237.35 in cash. Cerner (CERN) is the largest holding, constituting \$23,685 of the fund, about 37 percent of the portfolio value.

We purchased only one stock, Fomento Economica (FMX), in the Davidson portfolio. This took place on March 8, 2013.



The table below separates the performance of the Davidson Portfolio into three groups: investments that were inherited, sold, and acquired.

DAVIDSON PORTFOLIO						
Ticker	Shares*	Date Inherited or Acquired	Initial Price	Date Sold or Valued	Final Price	Gross Return
<i>Inherited Stocks</i>						
AMZN	14	21-Aug-12	239.45	28-Mar-13	266.49	11.29%
AYR	300	21-Aug-12	12.08	28-Mar-13	13.68	13.25%
CERN	250	21-Aug-12	71.13	28-Mar-13	94.74	33.19%
CRM	50	21-Aug-12	147.64	28-Mar-13	178.83	21.13%
ICLR	300	21-Aug-12	23.44	28-Mar-13	32.29	37.76%
OAS	175	21-Aug-12	29.75	28-Mar-13	38.07	27.97%
WAB	45	21-Aug-12	81.54	28-Mar-13	102.11	25.23%
<i>Divested Stocks</i>						
CYOU	50	21-Aug-12	22.39	8-Feb-13	30.59	36.62%
AMD	350	21-Aug-12	4.07	29-Aug-12	3.77	-7.37%
<i>Acquired Stocks</i>						
FMX	20	6-Mar-13	110.31	28-Mar-13	113.5	2.89%

* split-adjusted

DIVESTED HOLDINGS

Davidson Fund

Over the course of the year, we sold two stocks from the Davidson portfolio, AMD and CYOU. In the few short months since we sold AMD, its stock price has decreased by 31.45 percent. CYOU has been quite profitable from the time that the portfolio bought it. From the date when we inherited the stock from previous fund analysts, to the day that we sold it, CYOU had risen by nearly 37 percent. We determined that it was an appropriate time to get out of the stock. Our decision worked out well, as holding onto CYOU for one more month would have seen a decrease in value of nearly six percent.

Advanced Micro Devices, Inc. (NYSE: AMD)

Portfolio:	Davidson	AMD designs and produces semiconductors. It was purchased at a low price hoping that the new management would make changes necessary to increase profitability.
Purchased:	November 11, 2009	
Purchase Price:	\$5.60	We sold AMD following months of poor performance, being the worst performing stock in the portfolio at the time of the sale. AMD supplies Samsung microprocessors for its smartphones. We also anticipated a further decrease in AMD's price due to the lawsuit against Samsung by Apple. In addition, AMD was also sold to generate cash prior to the rebalancing date of September 1.
Inherited Price:	\$4.07	
Sale Date:	August 30, 2012	
Selling Price:	\$3.76	
Analyst:	Nathan Peterson	



Changyou.com (NASDAQ: CYOU)

Portfolio	Davidson	Changyou.com is a successful Chinese online game producer of multi-player online role-playing games. The stock offers an attractive P/E ratio and low debt ratios. Changyou is the leader of developing online operating models in China. In 2012, Changyou introduced a new online communication method, which allows players to join each other from different servers.
Purchase Date	November 2, 2011	
Purchase Price	\$26.79	We sold this stock after the spring festival held on February 11, 2013, due to the expectation that, during the spring festival's long holiday in China, younger people would spend allowances from their families on gaming products. The decision to sell the stock was also due to its poor performance compared to the market in 2012, as well as the negative customer reaction to Changyou's latest game release.
Inherited price	\$22.39	
Sale Date	February 11, 2013	
Selling price	\$30.60	
Analyst	Jie Dong	



ChangYou.com

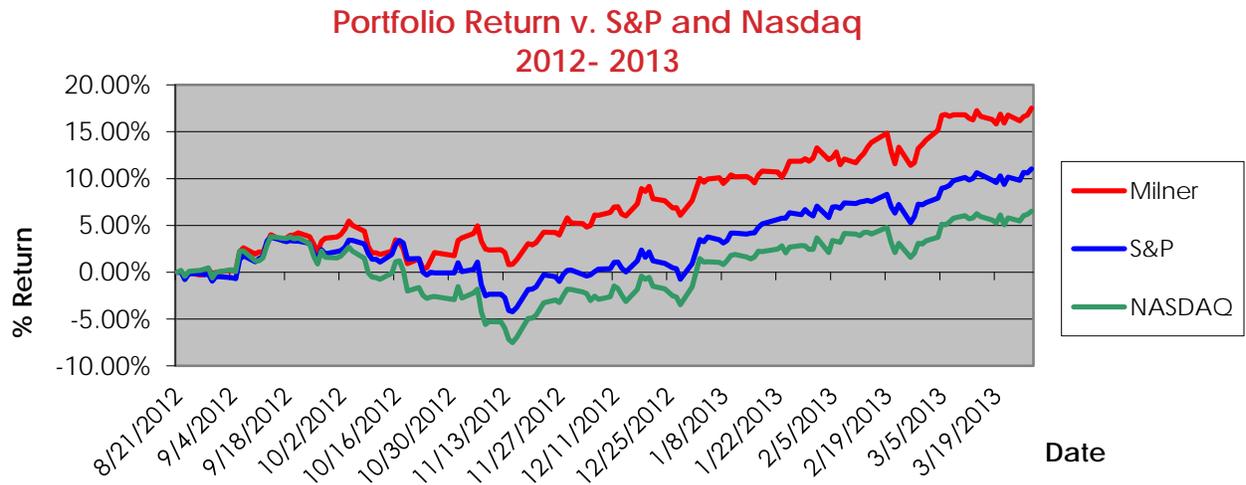
Milner Portfolio

STRATEGY

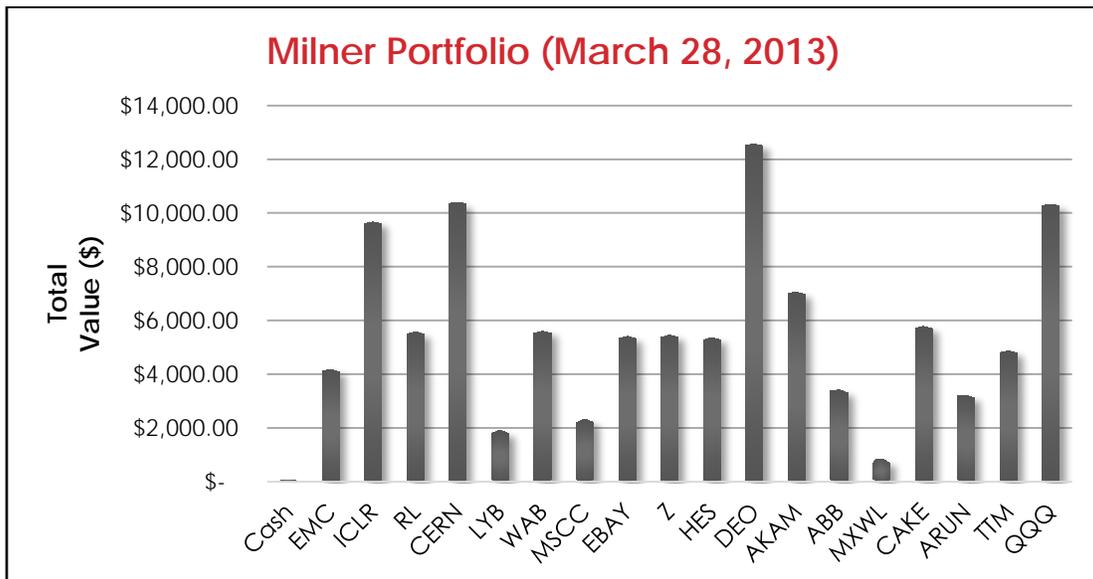
The Student Investment Fund receives a donation of half of the gains in excess of 5 percent on holdings in the Milner portfolio. Unlike the Davidson portfolio, its value is not reset at the beginning of each school year. In the past, student fund analysts have generally targeted investments in small-cap stocks in the high-growth technology and pharmaceutical sectors.

HIGHLIGHTS

In the 2012-2013 academic year, the Fund sought to maintain the same strategic focus by making investments in eBay and Zillow. As of April 26, 2012, eBay and Zillow has increased by 19 percent and 53 percent, respectively. The three best-performing stocks in the portfolio this academic year (since August 23, 2011) include Zillow with a 53 percent gain, Hess with a 42 percent gain, and ICON with a 38 percent gain. The three worst performing stocks in the portfolio were Maxwell Technologies with a 33 percent loss, EMC Corporation with a 9 percent loss, and Akamai Technologies with a 12 percent loss. As of April 26, 2012, the Milner portfolio held \$26.12 in cash and \$107,338.77 of equity investments in 18 companies, for a total value of \$107,364.89.



HOLDINGS



MILNER PORTFOLIO

Ticker	Shares	Date Inherited or Acquired	Initial Price	Date Sold or Valued	Final Price	Dividends Received	Gross Return
<i>Inherited Stocks</i>							
ICLR	300	20-Aug-12	23.47	5-Apr-13	30.66		30.63%
CERN	110	20-Aug-12	71.11	5-Apr-13	92.13		29.56%
WAB	55	20-Aug-12	80.05	5-Apr-13	98.97		23.64%
HES	75	20-Aug-12	50.23	5-Apr-13	71.69	0.4	42.72%
DEO	100	20-Aug-12	103.84	5-Apr-13	122.92	2.21	18.37%
AKAM	200	20-Aug-12	37.05	5-Apr-13	34.18		-7.75%
ABB	150	20-Aug-12	17.46	5-Apr-13	21.46	0.72	22.91%
TTM	200	20-Aug-12	21.47	5-Apr-13	23.62	0.33	10.01%
MXWL	150	20-Aug-12	7.98	5-Apr-13	5		-37.34%
EMC	175	20-Aug-12	26.58	5-Apr-13	23.08		-13.17%
LYB	30	20-Aug-12	45.62	5-Apr-13	58.54	2	28.32%
QQQ	150	20-Aug-12	67.69	5-Apr-13	67.86		0.25%
MSCC	100	20-Aug-12	19.64	5-Apr-13	21.21		7.99%
ACOM	100	20-Aug-13	30.74	27-Dec-12	32		4.10%
<i>Acquired Stocks</i>							
CAKE	150	31-Oct-12	32.74	5-Apr-13	37.56	0.48	14.72%
RL	33	14-Nov-12	148.38	5-Apr-13	168.73	1.6	13.71%
EBAY	100	14-Nov-12	46.47	5-Apr-13	55.52		19.47%
ARUN	130	31-Jan-13	23.04	5-Apr-13	22.71		-1.43%
Z	100	8-Feb-13	36.5	5-Apr-13	52.19		42.99%

DIVESTED HOLDINGS

One of the most interesting divestitures of the year came from Ancestry.com in the Milner Portfolio. The company was taken private after being purchased by Permira, a European private equity firm, for \$1.6 Billion. We received \$32 per share, a four percent increase on the inherited price, and we avoided paying a transaction cost to liquidate our position.

Ancestry.com (NASDAQ: ACOM)

Portfolio: Milner
 Purchased: November 16, 2011
 Purchase Price: \$23.92
 Inherited Price: \$30.74
 Sale Date: December 28, 2012
 Selling Price: \$32.00
 Analyst: Todd Fivas

Ancestry.com, Inc. offers online subscription services to individuals wishing to conduct genealogical research. In addition to providing online access to a wide range of sources, the company offers tools to build family trees and allows individuals to collaborate by sharing stories or documents. Previous fund analysts purchased the stock because of the rapid growth of social networking and its high percentage of international customers.

In December 2012, Ancestry.com was acquired by the European private equity firm, Permira, for cash at \$32 per share, roughly a 9.7 percent premium on the previous close.



Hess Corporation (NYSE: HES)

Portfolio	Milner
Purchased Date	January 23, 2009
Purchase Price	\$52.28
Inherited Price	\$50.47
Sale Date	July 22, 2013
Selling Price	\$72.94
Analyst	Jenny Flatberg



Hess Corporation is a worldwide explorer and producer of oil and natural gas. It has a market cap of \$23 billion and a presence in over 15 countries. Hess' completion of a multi-year divestiture of all downstream activities culminated in March 2013. The streamlining of its business model has included selling all 1,360 retail gas stations, shutting down its refinery and selling its storage facilities, making it a pure upstream play. Hess has globally repositioned itself by selling all drilling interests in Azerbaijan, Eagle Ford Texas, Indonesia, Russia, Thailand and the United Kingdom North Sea. At this point it also plans to sell its interests in the Bakken (US) and Ghana. Moreover, Hess has replaced six board members including the removal of John Hess, CEO, as Chairman of the Board. This is the first time in over 50 years that a Hess family member is not Chairman. The market has applauded these efforts.

This internal change has been driven by both necessity and the demands of activist investor Elliot Management. Because of the saturation of product in the oil and gas markets in the United States and due to the fact that we have realized gains but do not want to ride the uncertainty of the coming months with this company, the fund analysts decided to sell the stock.

School Portfolio

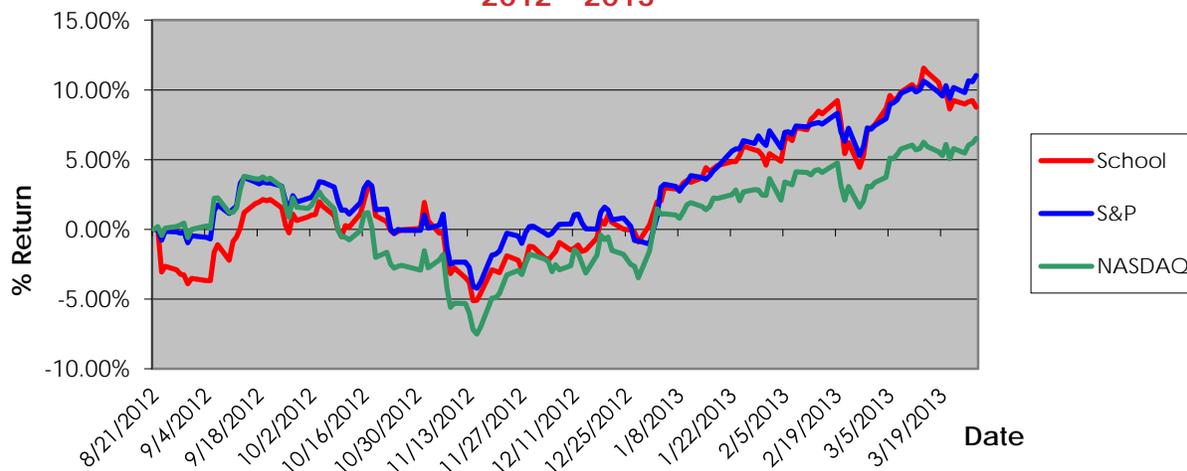
STRATEGY

The School Portfolio is funded by donations to the University to support the SIF program. Our primary strategy is a buy and hold value strategy. The stocks in this portfolio generally represent well established companies, though there are a few growth stocks which we plan to hold long-term. Because of the nature of this portfolio, many of the stocks pay dividends.

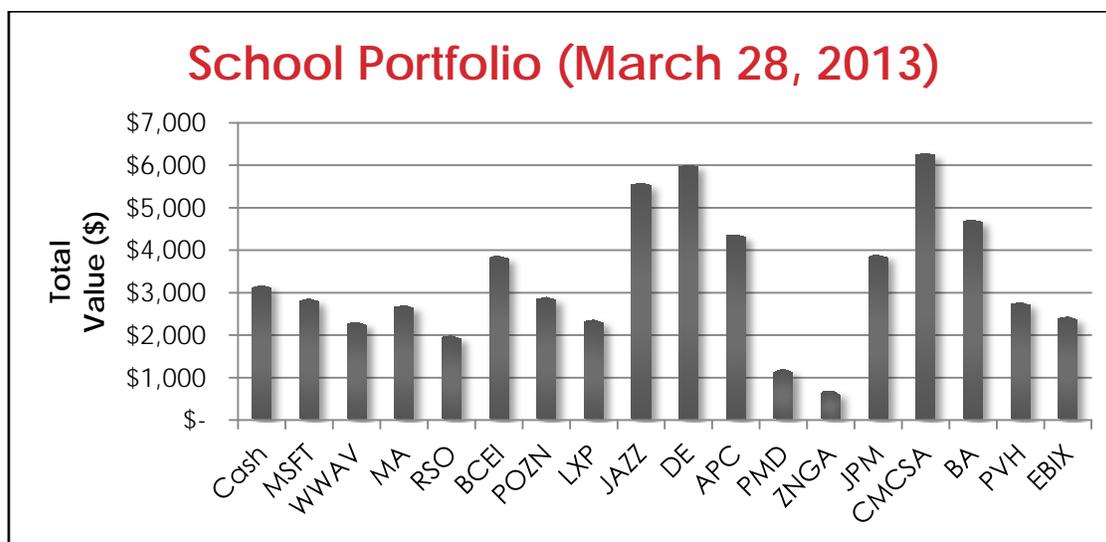
HIGHLIGHTS

The recent positive outlook in the stock market and stronger economic conditions has led us to enter the market aggressively. On August 21, 2012, we had \$7,570.27 in cash and \$44,563.31 in equity giving us a total of \$52,133.58 in total assets. On December 11, we added \$3,100 reflecting a gift from Hal Milner representing the fund's share of the prior year's profits. As of March 28, 2013, we held \$3,176.66 in cash and \$56,947.23 in equity giving us a total of \$60,123.89 assets under management. This gave us cumulative returns of 8.4 percent. We sold EZA, TZOO, GES, SKUL, and RIO. We purchased BCEI, LXP, PVH, POZN, WWAV, RSO, and MA.

Portfolio Return v. S&P and Nasdaq 2012 - 2013



As of March 28, 2013, our largest holdings in the School Portfolio were CMCSA, making up 10.47 percent of the portfolio, and DE, which made up 10.01 percent. The highest performing stocks were BCEI, which had a return of 56.12 percent, and LXP, which produced a return of 30.24 percent. Our worst performing stocks held were EBIX, with a return of -32.23 percent, and PVH, with a return of -9.15 percent.



SCHOOL PORTFOLIO							
Ticker	Shares	Date inherited or acquired	Initial Price	Date Sold or Valued	Final price	Dividends received	Gross return
<i>Inherited stocks</i>							
MSFT	100	21-Aug-12	30.80	28-Mar-13	28.61	1.43	-2.47%
EZA	20	21-Aug-12	66.50	12-Sep-12	66.02		-0.72%
JAZZ	100	21-Aug-12	46.65	28-Mar-13	55.91		19.85%
DE	70	21-Aug-12	77.65	28-Mar-13	85.98	1.43	12.57%
APC	50	21-Aug-12	69.55	28-Mar-13	87.45	0.27	26.13%

PMD	100	21-Aug-12	11.47	28-Mar-13	11.93	0.30	6.63%
ZNGA	200	21-Aug-12	2.97	28-Mar-13	3.36		13.13%
TZOO	40	21-Aug-12	23.03	12-Sep-12	23.60		2.48%
GES	150	21-Aug-12	33.10	22-Jan-13	26.35	1.60	-15.56%
JPM	82	21-Aug-12	38.04	28-Mar-13	47.46	0.60	26.34%
CMCSA	150	21-Aug-12	34.04	28-Mar-13	41.98	0.326	24.28%
BA	55	21-Aug-12	73.27	28-Mar-13	85.85	0.925	18.43%
SKUL	70	21-Aug-12	15.58	22-Jan-13	6.78		-56.48%
RIO	42	21-Aug-12	47.64	16-Oct-12	49.66		4.24%
EBIX	150	21-Aug-12	24.01	28-Mar-13	16.22	0.075	-32.13%
<i>Acquired stocks</i>							
BCEI	100	31-Oct-12	24.77	28-Mar-13	38.67		56.12%
LXP	200	14-Nov-12	9.06	28-Mar-13	11.80		30.24%
URBN	70	23-Jan-13	42.50	30-Jan-13	42.80		0.71%
PVH	26	23-Jan-13	117.60	28-Mar-13	106.80	0.037	-9.15%
POZN	550	30-Jan-13	5.31	28-Mar-13	5.27		-0.75%
WWAV	135	27-Feb-13	15.32	28-Mar-13	17.07		11.42%
RSO	300	6-Mar-13	6.69	28-Mar-13	6.61	0.20	1.79%
MA	5	25-Mar-13	519.99	28-Mar-13	541.13		4.07%

DIVESTED HOLDINGS

The bulk of the sell decisions for the past year have been made from the school fund. EZA, SKUL, GES, TZOO, URBN, and RIO were all sold off under our stewardship. None of the stocks that we sold in the school fund ended up yielding a positive cumulative return from the date of the sale to the end of March 2013. This illustrates very good judgment on selling discipline, which is a large part of what made this year so successful.

Guess? Inc. (NYSE: GES)

Portfolio	School
Purchased Date	April 29, 2009
Purchase Price	\$25.05
Inherited Price	\$33.10
Sale Date	January 22, 2013
Selling Price	\$26.35
Analyst	Farah Azmi



Guess? Inc. produces and sells retail goods including clothing, accessories, shoes, and more. They operate out of several subsidiary brands including Guess Kids, Marciano, Guess by Marciano, G by Guess and more. They have 504 stores in North America with over 200 in Asia and Europe combined. 41% of their sales come from their North American retail stores and 37 percent from Europe.

Guess? Inc. was purchased in April 2009 at its six-month high of \$25.05. On August 23, 2012, the stock experienced a 22.2 percent drop due to a cut in its annual forecast. Facing a large amount of competition, Guess? Inc. struggled to keep market share. As a result, on January 22, fund analysts sold the stock at \$26.17.

MSCI South African Index (NYSEARCA: EZA)

Portfolio School
Purchased Date March 3, 2010
Purchase Price \$56.44
Inherited Price \$66.50
Sale Date September 13, 2012
Selling Price \$65.99
Analyst Jordan Fawson

Ishares MSCI South Africa Index is an exchange traded fund containing equities listed on the Johannesburg Stock Exchange. It represents several different industries, with concentration on the precious metal businesses in South Africa.

Fund analysts decided to sell due to an investigation that is currently under way with the largest company in the ETF, MTN GROUP LTD, which has been accused of not enforcing certain embargoes on Iran. Also, there has been recent employee unrest in platinum mines that are located in the same vicinity as platinum mines from other constituents of the ETF, specifically, SASOL LTD. We consider the fund to be sensitive to these conditions which will negatively impact the upside potential for the fund.



Rio Tinto (NYSE: RIO)

Portfolio School
Purchased Date April 26, 2011
Purchase Price \$73.00
Inherited Price \$47.64
Sale Date October 17, 2012
Selling Price \$51.87
Analyst Ashley Atkinson

Rio Tinto PLC has the second largest market cap in the Industrial Metals and Materials Industry. The company mines iron ore, energy, industrial minerals, aluminum, copper, diamonds, and gold. Previous fund analysts had purchased this stock believing there would be a strong demand for copper and other ores, and saw an attractive PEG ratio and high EBIT growth.

The stock was sold on October 17, 2012. The stock was not performing as expected and had been underperforming the market for the past six months. The long-term growth rate has decreased and announcements were made that Rio Tinto planned to cut costs and thousands of jobs in the next quarter. Other concerns were changes in Mongolia's tax laws that may cause additional expenses to operations in Mongolia and weakening of demand from China.



Skullcandy, Inc. (NASDAQ: SKUL)

Portfolio School
Purchased Date November 30, 2011
Purchase Price \$15.45
Inherited Price \$15.58
Sale Date January 22, 2013
Selling Price \$6.78
Analyst Stuart Doane

Skullcandy, Inc. develops and supplies headphones and other audio accessories. Skullcandy, Inc. uses a strong marketing campaign focused on younger and alternative athletes/sports demographics.

Although the company initially had a lot of steam, demand for its products has dropped significantly. Newcomers, such as Beats by Dr. Dre have cut into its customer base. Additionally, Skullcandy is new enough that it has yet to really create any brand loyalty. For these reasons, the fund analysts decided to divest the stock.



TRAVELZOO INC. (NASDAQGS: TZOO)

Portfolio	School
Purchased Date	October 26, 2011
Purchase Price	\$29.35
Inherited Price	\$21.49
Sale Date	September 13, 2013
Selling Price	\$23.80
Analyst	Xiaojuan Song

Travelzoo Inc is a global internet media company that provides travel, entertainment, and local deals to subscribers in North America, Europe and the Asia Pacific region. During 2012, the company surpassed 26 million subscribers. Travelzoo works with thousands of companies with internal associates verifying the validity of each deal. The company's revenues are generated primarily from advertising fees.

The fund purchased Travelzoo just over a year after the company launched a new local deals segment in August of 2010. The new venture was profitable in its first year of operation with gross revenues over \$100 million. The company has a unique business model that targets a higher income audience; the strategy includes offering quality deals at a good price, not just cheap items or services at a discount. The company is still a top 10 travel website in the US and has a pristine balance sheet: \$61.2 million in cash and no debt.



Socially Responsible Portfolio

STRATEGY

The Socially Responsible Portfolio (SRP) was formed in the spring of 2011 to give students at the University of Utah the opportunity to build and manage a socially responsible portfolio of public equities. The Fund analysts of the 2010-11 academic year proposed the following mission statement.

The Student Investment Fund's Socially Responsible Portfolio targets equities that provide maximum returns while meeting our social investing criteria—ethical labor practices, respect for the environment, and equitable distribution of wealth.

Fund analysts explored a variety of ways to define a socially responsible investment. One concept fund analysts developed to capture a socially responsible company is the idea of "social alpha," defined by the 2010-11 SIF as,

A benefit to stakeholders above what is normally expected for a company with a similar set of stakeholders. Positive social alpha indicates a social good, whereas negative social alpha represents a social ill. Social alpha may be measured both quantitatively and qualitatively.

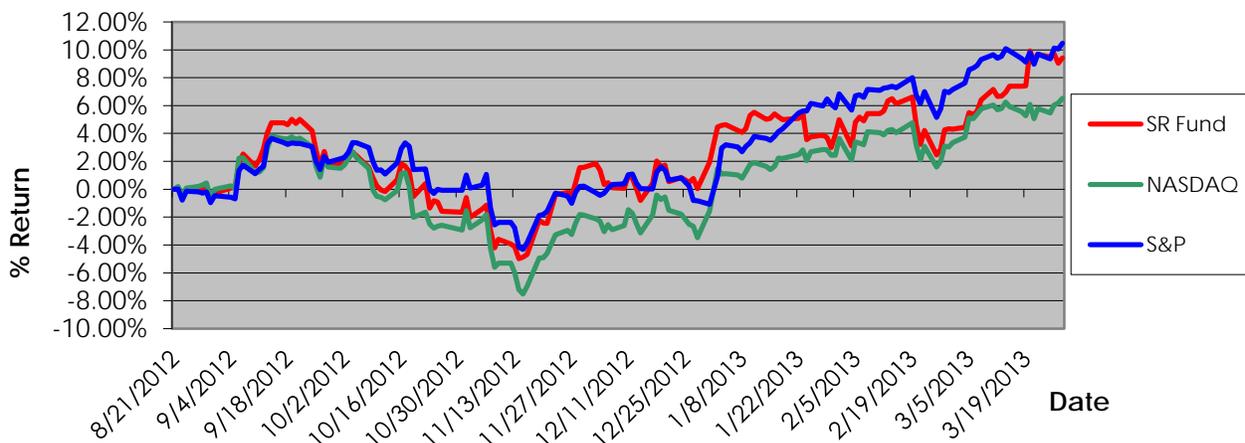
In defining social alpha more precisely, Fund analysts examined factors internal to a candidate firm as well as the firm's external activities. Items identified as important internally to the target firm include ethical and equitable treatment of employees, employee benefits, executive pay, corporate culture, and work-life balance. Important external qualities of a target firm include human rights, environmental impact, contracting with socially responsible suppliers and customers, community involvement, ethical dealings with suppliers and governments, anti-corruption policies, and animal rights.

Analysts concluded that social responsibility for Fund analysts includes fiduciary responsibility, and so each investment in the SRP must meet two hurdles: the proposed investment must meet the Student Investment Fund's investment criteria and in addition, each investment must meet the criteria for social responsibility. As in the other three funds SIF manages, a majority of votes by analysts is needed to meet the investment hurdle. The social responsibility hurdle requires support from two thirds of the fund's analysts.

HIGHLIGHTS

The Socially Responsible Portfolio was funded on April 6, 2011. The analysis below captures the portfolio's position as of March 27, 2013. We acquired two stocks during the 2012-2013 school year for the Socially Responsible Portfolio, Covanta Holding (CVA) purchased on January 31, 2013 and Williams-Sonoma (WSM) on November 21, Nov 2012. Overall, the Socially Responsible portfolio has returned 9.42 percent over the academic year. Most of the returns have been heavily affected by a substantial decline in Apple (AAPL).

**Portfolio Return v. S&P and Nasdaq
2012 - 2013**



As of March 27, 2012, we held 1.4 percent of the portfolio in cash. Our largest position was Thermo Williams-Sonoma (WSM), which constituted 17.3 percent of the portfolio.



SOCIALLY RESPONSIBLE PORTFOLIO

Ticker	Shares	Date inherited or acquired	initial price	Date sold or valued	Final price	Dividends received**	Gross return
NVS	50	23-Aug-11	60.15	27-Mar-13	70.44		17.1%
IPG	250	23-Aug-11	11.44	27-Mar-13	13.04	0.20	15.7%
TMO	55	23-Aug-11	56.38	27-Mar-13	75.17	0.89	34.9%
SI	22	23-Aug-11	93.59	27-Mar-13	108.06	2.22	17.8%

F	200	23-Aug-11	9.53	27-Mar-13	13.22	0.24	41.3%
NTAP	60	23-Aug-11	33.14	4-Dec-12	32.05	0.81	-0.8%
AAPL	8	23-Aug-11	656.06	27-Mar-13	452.08	6.09	-30.2%
WSM	90	21-Nov-12	44.65	27-Mar-13	50.99	0.54	15.4%
CVA	100	31-Jan-13	19.2	27-Mar-13	19.85	0.49	5.9%

**net of foreign taxes

DIVESTED HOLDINGS

The only bad decision that we made when it came to selling off assets over the past year was with the Socially Responsible Fund, specifically NTAP, which we sold on the December 5, 2012. Over the next four months the stock accumulated value to a point where in the end of March the value of NTAP had risen 4.11 percent. Not selling Apple ending up being far worse a problem, as our large stake drove down the returns of the entire portfolio.

NetApp (NASDAQ: NTAP)

Portfolio	Socially Responsible
Purchased Date	April 13, 2011
Purchase Price	\$48.65
Inherited Price	\$33.14
Sale Date	December 5, 2012
Selling Price	\$32.93
Analyst	Jessica Lee

NetApp focuses on innovations in storage systems and data management solutions and is currently one of the leading providers of hardware, software, and services for enterprise data storage. Founded in 1992, NetApp is among the few traded companies in the data storage or cloud computing that is positioned to meet the increasing growth of corporate data demand. During 2012 fiscal year, the company generated \$1.5 billion in cash flow from operations and \$1.1 billion of free cash flow.



The fund analysts from 2011-2012 purchased NetApp because they saw a tremendous growth potential in the data storage industry due to large demand. The current fund analysts chose to sell NetApp due to the underperformance of the company compared to peers. Increasing instability of the industry demand for cloud and data storage systems was also another reason we chose to divest this company.

CURRENT HOLDINGS (UPDATED AS OF JULY 26, 2013)

Prices for the current holdings have been updated to give incoming analysts a more accurate measurement of our current position.

3D Systems Corp. (NYSE: DDD)

Portfolio: School
Purchased: April 17, 2013
Purchase Price: \$33.59
Current Price: \$47.35
Analyst: Todd Fivas



3D Systems Corporation is a public industrial goods company that specializes in the development, manufacturing, and marketing of 3D printers, their related materials, and product-specific troubleshooting. 3D Systems strives to make 3D printing more accessible, dynamic, and practical by decreasing complexity and price. It continues to offer solutions which enable customers to create customized items without the need for new infrastructure previously required to meet the demand of continuously developing technology.

Fund analysts voted to purchase 3D Systems because of its consistently high revenue growth, its profit growth, and its flexibility in meeting fluctuating demand across industries. The market has yet to understand the true potential and growing number of applications of 3D printing technology and, as a result, has undervalued the company.

ABB LTD. (NYSE: ABB)

Portfolio: Milner
Purchased: March 24, 2009
Purchase Price: \$14.22
Inherited Price: \$17.79
Current Price: \$22.76
Analyst: Jenny Flatberg



ABB, in the industrial electrical equipment industry, designs and builds power products and power systems. It is known for equipment that maintains high conductivity, which both increases grid efficiency and decreases maintenance needs in extreme environments and constrained spaces. It has an incredible network of engineers who design, install and maintain a wide variety of energy systems. Its current orders include capturing wind energy to feed the grid in Brazil, creating high-voltage gas insulated switchgear for power stations in Saudi Arabia and building a drilling platform in the North Sea for Statoil, among many other diversified and massive projects.

ABB is a play on total global growth but the fund analysts feel that this company has growth potential and a unique product offering particularly for developing countries, even in the face of decreased overall global demand. We recommend this stock as a strong hold for the next several years and expect returns to be on par with the S&P for one or two more years and then increase substantially as its R&D from the last several years becomes market ready and sees transformative worldwide demand.

Aircastle Limited (NYSE: AYR)

Portfolio: Davidson
Purchased: December 8, 2010
Purchase Price: \$10.39
Inherited Price: \$12.08
Current Price: \$17.55
Analyst: Nathan Peterson



Aircastle leases commercial aircraft in the secondary aircraft leasing industry.

AYR's price has been fairly stable over the last year, leading to a 52-week range of \$13.64 to \$13.80. Although there is little share price growth in the company's stock, AYR has had consistent dividend payments of \$0.60, a yield of 5.4%. The company has been consistent in an industry that is often filled with difficulties and uncertainty. AYR is a potential sell if a more attractive opportunity appears, but until then fund analysts recommend holding on to it for its attractive and stable dividend.

Akamai Technologies, Inc. (NASDAQGS: AKAM)

Portfolio: Milner
Purchased: February 25, 2009
Purchase Price: \$18.31
Inherited Price: \$37.43
Current Price: \$47.23
Analyst: Zhao Jin



Akamai Technologies, Inc. is one of the world's largest providers of Internet information services and has the most advanced technology currently available. The company helps customers accelerate and improve the delivery of content and applications over the Internet.

The Fund analysts believe that as information and services continue to be digitized, the demand for Akamai's technology will continue to increase. The Fund has decided to hold Akamai because of its strong position in rapidly growing markets, both domestically and internationally.

Amazon.com Inc. (NASDAQGS: AMZN)

Portfolio: Davidson
Purchased: October 5, 2011
Purchase Price: \$214.52
Inherited Price: \$239.45
Current Price: \$312.01
Analyst: Jie Dong



Amazon started in July 1994 as a bookseller, but has become one of the world's largest online retailers and cloud storage providers. In November 2007, the company introduced its electronic reader, the Kindle, which has gone on to win numerous awards.

Despite a third quarter which yielded results below expectations, the fund analysts believe that Amazon still remains a solid investment, as it possesses considerable cost advantages over just about any retailer due to its lack of physical retail requirements.

Anadarko Petroleum (NYSE: APC)

Portfolio: School
Purchased: December 3, 2008
Purchase Price: \$36.33
Inherited Price: \$69.55
Current Price: \$88.51
Analyst: Jenny Flatberg



Anadarko is a globally integrated upstream, midstream and downstream oil and natural gas company. Highly geo-engineer focused, Anadarko outsources employees for all levels of the production process after finding and projecting profitable extraction of the natural resource. It has a market cap of \$45 billion and approximately 2.6 billion barrels of oil equivalent proved reserves.

Anadarko is a solid performer in the industry. Its business model is continuously modernized and its management is dynamic, strong and experienced. It is expected to continue to produce returns on par with or slightly better than the S&P however not outperform its industry. If the future fund analysts would like to hold a solid company that has continued positive results and little drama, APC is a great play. However given the US oil and gas glut and slow world growth a cap on the price of oil will keep Anadarko from realizing high returns. If the fund analysts would like to stay in the oil and gas industry but realize higher returns, we recommend selling this stock and possibly replacing it with a company that is more focused on the development of natural gas infrastructure and distribution.

Apple, Inc. (NASDAQGS: AAPL)

Portfolio: Socially Responsible
Purchased: April 28, 2011
Purchase Price: \$346.00
Inherited Price: \$633.68
Current Price: \$440.99
Analyst: Xiaojuan Song

Apple makes personal computers, mobile phones, portable digital music, and video players. It also sells related software, services, and peripherals. The company has a strong history of innovation and customer loyalty. The current Fund analysts' rationale when purchasing Apple's stock is that it tracks and reduces its carbon footprint, has developed a supplier code of conduct and had a supplier diversity program, has a conflict-free smelter program, and is in the FTSE4 good index.



In early 2013, Apple's component orders contracted due to weaker-than-expected demand for the iPhone 5. As a result, the company's share price dropped to below \$500 for the first time in over a year. However, the fund analysts foresee a rebound and recommend a hold.

Aruba Networks (NYSE: ARUN)

Portfolio: Milner
Purchased: January 31, 2013
Purchase Price: \$23.94
Current Price: \$17.97
Analyst: Jenny Flatberg



Aruba Networks is a provider of network access solutions for mobile enterprise networks working to create secure modern mobile connections through user and device centered architecture instead of data ports. It is in the computer hardware industry. A main threat to their continued success stems from economic weakness, seen as decreased demand from telecommunications companies and from increased competition. Much larger industry players have been aggressively repositioning themselves and this is seen as a threat to some small-cap companies however the fund analysts feel that the growth potential due to product differentiation sets Aruba apart from the industry and makes them a key player moving forward poised to gain market share from larger competitors. For instance, although Cisco can bundle and sell wireless local area networks (WLANs) cheaper than Aruba can because of its size and market share, Aruba is a technology leader. It has just come out with ClientMatch, a WLAN solution for overused networks, that performs 94% better than Cisco's WLAN. Advances like this make the current fund analysts think that patience will be rewarded handsomely with this stock.

Boeing (NYSE: BA)

Portfolio: School
Purchased: December 27, 2010
Purchase Price: \$64.37
Inherited Price: \$73.27
Current Price: \$105.60
Analyst: Jie Dong



Boeing is an aerospace and defense corporation that has a record of advancing aircraft manufacturing technology. It is one of the largest aircraft manufacturers in the world.

Over the past year, Boeing's shares have increased nearly 40 percent largely due to its introduction of the 787 Dreamliner and the increasing demand of its products in China and Indian. For these reasons, the fund analysts recommend a hold.

Bonanza Creek, Inc. (NYSE: BCEI)

Portfolio: School
Purchased: October 31, 2012
Purchase Price: \$24.50
Current Price: \$40.06
Analyst: Jie Dong



Bonanza Creek, Inc. is a small-cap mid and upstream oil and natural gas company. It is headquartered in Colorado and produces in both Colorado and Arkansas. Fracking is the company's main method of oil and natural gas extraction and it owns a natural gas processing plant in Arkansas. Led by an experienced management team, Bonanza Creek has exhibited and is projected to continue to exhibit strong organic growth by increasing its proved reserves and decreasing its well spacing. Organic growth and increasing investor confidence will be the basis for strong future returns in spite of the volatility of the stock price. Even though there is a glut of natural gas and uncertainty in the oil market, Bonanza Creek is in the midst of a successful growth phase and we recommend future fund analysts look into buying more shares on a dip.

Cerner (NASDAQGS: CERN)

Portfolio: Davidson, Milner
Purchased: February 10, 2006
October 7, 2009
Purchase Price: \$37.88
Inherited Price: \$71.13
Current Price: \$97.31
Analyst: Matt Cunningham

Cerner Corporation provides healthcare information technology (HCIT) solutions to a range of medical centers and outlets, including major hospitals and single-office doctors. Revenue is driven from the sale of data systems as well as the upkeep and support of these systems. Government stimulus money will require more healthcare companies to utilize HCIT in an effort to reduce national costs and make care more affordable to the general public. This will provide continued growth opportunities for Cerner, driving a hold recommendation from the 2012-2013 fund analysts.



The Cheesecake Factory, Inc. (NASDAQGS: CAKE)

Portfolio: Milner
Purchased: October 31, 2012
Purchase Price: \$32.95
Current Price: \$40.80
Analyst: Matt Cunningham

The Cheesecake Factory operates nearly 180 upscale casual dining restaurants in the United States and the Middle East. Known for its large portions and broad menu, as well as its famous dessert, the restaurant seeks locations in high traffic urban centers. Furthermore, the company separates itself from competition by offering superior service in a fancy environment. The interior of restaurants are well decorated and offer visually pleasing layouts with a goal of making customers feel as if they are dining at a five star location. The Cheesecake Factory has good financial performance and healthy margins, which will allow it to achieve growth as the cyclical restaurant industry recovers after the 2008 downturn. Additionally, a new initiative in marketing will lead to an increase in revenue. Our price target for 2013 is \$42.12.



Comcast (NASDAQGS: CMCSA)

Portfolio: School
Purchased: January 17, 2007
Purchase Price: \$29.99
Inherited Price: \$34.04
Current Price: \$43.73
Analyst: Farah Azmi

Comcast is the largest provider of high-speed internet and voice services and operates with various revenue sources, the two main sources being from the cable communications sector and NBCUniversal. Comcast's cable communications sector includes XFINITY TV app, XFINITY Streampix, and XFINITY Voice. Acquired in January 2011, NBCUniversal includes cable networks, broadcast TV, filmed entertainment, and theme parks.

The fund analysts have continued to hold the stock because Comcast has consistently increased its market share in cable communications. It has outperformed both the S&P and DJIA in the past three months. In the future, Comcast is expected to perform well with future plans in their cable communications and NBC theme parks.



Covanta Holdings (NYSE: CVA)

Portfolio: Socially Responsible
Purchased: January 31, 2013
Purchase Price: \$19.20
Current Price: \$20.15
Analyst: Jenny Flatberg



Covanta owns and operates large-scale energy-from-waste facilities and produces approximately 8% of US renewable energy. It earns revenues by gathering municipal waste, burning it in low greenhouse gas emission facilities, selling the steam produced into local electrical grids and recycling and selling the metals found in the waste. Because its successful business model is coupled with environmental sustainability in the form of decreased land, water and air pollution the fund analysts purchased this stock in the Socially Responsible Fund.

We consider this to be a long-term investment. While currently dominated by a traditional model of waste management, we anticipate the waste management industry will undergo massive changes in the next decade due to increased waste and decreased land for storage, which will drive up the costs associated with waste disposal. We believe that Covanta's long history of success, its international presence, and its continued commitment to the zero land fill solution makes it poised to grow along with the demand in the market and therefore the stock will prove to be a solid net returner over the next 5-10 years. If the fund at large needs cash, it is a possible sell, but should it be possible to hold onto this stock, as we believe we bought low.

Deere & Co. (NYSE: DE)

Portfolio: School
Purchased: November 30, 2005
Purchase Price: \$34.63
Inherited Price: \$77.65
Current Price: \$82.81
Analyst: Geoff Glade



Deere & Company started out by selling the steel plow in 1837. Over the years the company has evolved into the company it is today, a manufacturing giant specializing in industrial vehicles and parts for earthmoving, construction, and agriculture. The company also has a credit department that manages the sales and leases of its products.

The current Fund analysts chose to continue to hold the stock because the fund has made a lot of money from Deere over the years. It has paid high dividends as well as seen steady growth. The company is expanding into countries around the globe and sales are expected to continue to increase. The company has also consistently increased dividends. Revenues have increased by nearly 10% compared to last year. We expect the company's revenue to grow as it continues to expand into Brazil, India, and China.

Diageo PLC (NYSE: DEO)

Portfolio: Milner
Purchased: February 4, 2009
Purchase Price: \$55.43
Inherited Price: \$105.90
Current Price: \$112.28
Analyst: Thania Burningham



Diageo currently has the world's largest market share as a provider of spirits. The firm currently produces 8 of the 20 most popular spirit brands, including Smirnoff Vodka, Johnny Walker Scotch, Guinness beer, and Jose Cuervo. The company is relatively vertically integrated as it produces, packages, and distributes the spirits, wine and beer it sells.

The firm continues to grow by strategic acquisitions in emerging markets. The latest acquisition made by Diageo was Ypióca, a leading spirits company in Brazil. The firm is currently in negotiations to acquire a majority stake in United Spirits, an Indian company. A hold is recommended.

eBay (NASDAQGS: EBAY)

Portfolio: Milner
Purchased: November 14, 2012
Purchase Price: \$46.92
Current Price: \$52.25
Analyst: Nathan Peterson



eBay is a facilitator of commerce between individuals and companies across the globe.

eBay has outperformed the market by close to 50% over the last year. eBay continues to drive commerce both by providing a platform for the buying and selling of goods over its marketplace website and through its subsidiary PayPal. PayPal continues to be a strong growth area for eBay by providing companies and individuals with an easy way to transfer money and pay for goods and services. PayPal is projected to make up a majority of eBay's revenue by the year 2014. For these reasons, fund analysts recommend a hold.

Ebix, Inc. (NASDAQGS: EBIX)

Portfolio: School
Purchased: November 23, 2011
Purchase Price: \$19.00
Inherited Price: \$24.01
Current Price: \$11.55
Analyst: Matt Cunningham



Ebix, Inc. (Ebix) supplies a range of software and e-commerce solutions to the insurance industry. Services offered include broker systems, carrier systems, and custom software development. The software-as-a-service (SaaS) model utilized by Ebix allows the company to maintain a high level of recurring revenue, driven from the maintenance and training fees associated with the complex systems. Originally purchased on a basis of strong financial performance, we believe Ebix continues to offer upside. The price slipped on an announcement of an SEC investigation, but the organic growth of the company and the upside of the industry will likely allow recovery in the near future. We recommend a hold.

EMC Corporation (NYSE: EMC)

Portfolio: Milner
Purchased: December 9, 2009
Purchase Price: \$16.75
Inherited Price: \$26.14
Current Price: \$26.50
Analyst: Nathan Peterson



EMC Corporation manufactures, markets, and supports a wide range of hardware and software products. EMC also assists companies in transitioning to cloud computing by providing services for secure storage, management, and electronic information sharing.

EMC has had good to strong growth over the past year. We expect revenue and EPS to increase by 10% and 13% respectively during 2013. The fund analysts have confidence that the company will continue to grow as more companies transition to cloud computing services.

Fomento Económico Mexicano (NYSE: FMX)

Portfolio: Davidson
Purchased: February 4, 2009
Purchase Price: \$110.73
Current Price: \$100.25
Analyst: Thania Burningham

Fomento Económico Mexicano is the largest bottler franchise for Coca-Cola products in the world and holds the second largest equity position within Heineken. The last revenue segment is the retail branch of the company, operating OXXO, the largest growing chain of convenience stores in Latin America.

Fund analysts purchased Fomento Económico Mexicano based on its competitive positioning and strong growth potential. We believe that Latin America presents a great opportunity for a diversified exposure to emerging

markets. The firm has continued to grow its convenience store operations and has the flexibility to manage margins in a competitive, high fixed-cost industry by optimizing capacity at its plants. Though the stock has had a small downturn due to instability in the Brazilian market, we believe it will recover as the volatility in this market decreases.

Ford Motor Company (NYSE: F)

Portfolio: Socially Responsible
Purchased: May 6, 2011
Purchase Price: \$15.18
Inherited Price: \$9.35
Current Price: \$17.02
Analyst: Todd Fivas

Ford Motor Company has been a leader in the automotive industry for over a century. Since 1903, Ford has designed, manufactured, and sold automobiles in nearly every country worldwide.

Recently, due to economic and political issues in the European Union, Ford has experienced dramatic drop-offs in revenue for much of its European operations. Layoffs and European factory shutdowns were announced in late 2012. Despite this, fund analysts voted to hold the company based on its strong domestic sales, which have led to record-breaking profits.



ICON PLC (NASDAQGS: ICLR)

Portfolio: Milner
Purchased: February 3, 2005
Purchase Price: \$8.48
Inherited Price: \$23.44
Current Price: \$39.47
Analyst: Ashley Atkinson

Icon PLC is a medical research company based in Ireland that provides outsourced research services in the fields of biotechnology, pharmaceuticals, and medical device development. It conducts clinical testing and analysis of new drugs and manages other research and development projects in the healthcare sector. Icon PLC operates in the medical laboratories and research industry.

Icon is ranked as a top (CRO) Clinical Research Organization. Icon has consistently outperformed the market throughout the past year. Its EBITDA is much higher than industry average and currently has a 23.7% quarterly growth rate. It has been one of the best performers in both the Davidson and Milner Funds. The stock price reached an all-time high of \$33.07 in late March and has maintained a price above \$30.00 through early April.



Interpublic Group of Companies (NYSE: IPG)

Portfolio: Socially Responsible
Purchased: April 20, 2011
Purchase Price: \$11.82
Inherited Price: \$11.44
Current Price: \$15.87
Analyst: Thania Burningham

Interpublic Group is a conglomerate of advertising companies. Among the services it provides are corporate branding, public relations, and digital media. The company holds a total of 6% market share in global advertising sales. The firm operates in 90 countries worldwide and continues to expand its market share in emerging markets such as Asia Pacific and Latin America, where the company's organic growth for 2012 occurred.

Interpublic Group of Companies fulfills the requirements as a socially responsible company by contributing \$1.5 million to charitable marketing campaigns. Interpublic Group was ranked in the 2012 Newsweek top 500 Green companies and received an AAF diversity award in 2013. IPG earned a 100% rating in the 2010, 2011 and 2012 Corporate Equality Index, an annual survey published by the Human Rights Campaign (HRC).



Jazz Pharmaceuticals PLC (NASDAQGS: JAZZ)

Portfolio: School
Purchased: February 29, 2012
Purchase Price: \$49.52
Inherited Price: \$46.65
Current Price: \$71.44
Analyst: Todd Fivas

Jazz Pharmaceuticals PLC is a pharmaceutical company that focuses on entering into lucrative in-licensing contracts of drugs developed largely by other organizations. This allows Jazz to focus on distribution and marketing instead of having to spend primarily on R&D. It also acquires financially unprofitable yet promising drug companies to add to its product and patent portfolio.

Fund analysts previously purchased Jazz because of its patent on its most profitable drug, Xyrem, the most popular treatment for narcolepsy. Current analysts decided to hold the company for the same reason, seeing as the patent does not expire until 2020, and as a result of the firm's consistently beating analyst expectations during 2012-2013.



JPMorgan Chase (NYSE: JPM)

Portfolio: School
Purchased: April 25, 2011
Purchase Price: \$44.68
Inherited Price: \$37.04
Current Price: \$56.05
Analyst: Michael Sayre

JPMorgan Chase & Co has a presence in investment banking as well as in commercial banking. It is one of the world's largest banks in terms of revenue. The stock was originally purchased to give us exposure to the financial sector. Fund analysts decided to continue to hold this stock after determining that our portfolios were underweighted in financials.



Lexington Realty Trust (NYSE: LXP)

Portfolio: School
Purchased: November 14, 2012
Purchase Price: \$9.18
Current Price: \$12.81
Analyst: Geoff Glade

Lexington Realty Trust (LXP) is a diversified real estate investment trust (REIT) that focuses on single-tenant commercial net-leases. It currently manages 230 properties, with a total of 42 million net rentable square feet. Its tenants consist of small, medium, and large companies operating in over 20 industries across 41 states. The tenant base is diversified by company size, industry, and geographic location.



The trust suffered greatly as a result of the real estate market crash. Since the contraction, the trust has been working towards a full recovery. The current fund analysts believed it was the opportune time to buy the trust's stock because it has made significant changes to increase net income, which had yet to be reflected in the stock price. It had successfully reduced its cost of debt, increased dividends, increased the number of lease contracts, and decreased its overall vacancy rate. The company continues to build new units and expand its tenant base. The fund analysts believe it will be beneficial to hold the trust as it continues to make a full recovery.

LyondellBasell Industries (NYSE: LYB)

Portfolio: Milner
Purchased: March 21, 2011
Purchase Price: \$39.33
Inherited Price: \$49.96
Current Price: \$67.40
Analyst: Zhao Jin

LyondellBasell Industries manufactures and sells chemicals and polymers, refines crude oil, produces gasoline blending components, and develops and licenses technologies for the production of polymers. LyondellBasell operates in the Americas, Europe, Asia, and is the third largest chemical company in the world. Due to its large market share and its ability to leverage economies of scale, fund analysts recommend holding the stock.



MasterCard (NYSE: MA)

Portfolio: School
Purchased: March 25, 2013
Purchase Price: \$520.13
Current Price: \$598.15
Analyst: Geoff Glade

MasterCard, Inc. is a major international credit card company that has its own payment processing technology, offers payment programs, loyalty and reward programs, a number of different types of payment cards, payment security, consulting, and information services and marketing.

The fund analysts purchased MA because the company has had a successful history and believe it will continue to build upon that history. In addition, MasterPass, the company's digital wallet payment system, is being introduced in multiple countries during 2013. For these reasons, we believe that the company will outperform its competitors in the future.



Maxwell Technologies Inc. (NASDAQGS: MXWL)

Portfolio: Milner
Purchased: November 18, 2009
Purchase Price: \$17.46
Inherited Price: \$8.05
Current Price: \$7.79
Analyst: Zhao Jin

Maxwell Technologies, Inc. develops and manufactures energy storage and power delivery products. Its main products include ultra-capacitors and high voltage capacitors, which are used in hybrid electric buses, trucks, and automobiles.

In the summer of 2012, Maxwell saw a drastic drop in price due to a global slowdown. However, due to a rapidly growing demand for its ultra-capacitors in the Chinese wind energy industry, as well as more favorable financials, the fund analysts decided to hold the stock.



Microsemi Corporation (NASDAQGS: MSCC)

Portfolio: Milner
Purchased: March 30, 2011
Purchase Price: \$20.36
Inherited Price: \$20.23
Current Price: \$24.70

Microsemi Corporation is a manufacturer of analog devices, semiconductors, mixed-signal, and RF integrated circuits. Microsemi's products are used in a wide range of industries around the world and it has plants in various countries in the U.S., Europe, and Asia.

As of April 2013, the stock was trading slightly higher than the original purchase price. Due to the recovery of a U.S. and global economy, in tandem with a heavy acquisition strategy, the Fund analysts believe that this will continue to be a profitable holding in the future.



Microsoft Corporation (NASDAQGS: MSFT)

Portfolio: School
Purchased: April 15, 2004
Purchase Price: \$25.23
Inherited Price: \$31.52
Current Price: \$31.62
Analyst: Xiaojuan Song

Microsoft Corporation develops and licenses operating systems and software worldwide. The company is currently the world leader in software for the personal computer. Its main products include Windows operating system, Internet Explorer, and Microsoft Office applications. In 1999, the company brought out MSN messenger, instant message software, and in 2001 it introduced Xbox to the world.

The fund analysts recommend holding MSFT because of its strong market position and steady cash flows that should continue into the future. These strengths will likely translate into further price appreciation.



NASDAQ 100 Trust (NASDAQIDS: QQQ)

Portfolio: Milner
Purchased: April 29, 2009
Purchase Price: \$34.03
Inherited Price: \$68.15
Current Price: \$75.37
Analyst: Ashley Atkinson

This tracking security follows the NASDAQ 100. The security was purchased because previous fund analysts wanted to invest their cash in the general market during the summer of 2009. We are currently holding the stock because it is diversified and generates market returns. At the beginning of the semester, we determined that we had a bullish stand on the market and would hold the ETF until we found a stock that we believed would outperform market indices.



Novartis (NYSE: NVS)

Portfolio: Socially Responsible
Purchased: April 20, 2011
Purchase Price: \$57.69
Inherited Price: \$60.15
Current Price: \$71.80
Analyst: Thania Burningham

Novartis is one of the top pharmaceutical companies in the world. The firm is involved in different endeavors including brand and genetic drugs, consumer health, pet health, and eye care. The firm has had key developments with new drugs such as Afinitor a breast cancer drug, and Gilenya a drug for multiple sclerosis. Novartis continues to be socially responsible with their vaccination programs for underprivileged children. Other socially responsible attributes include being the recipients of Dow Jones Sustainability award, and ranked as the number one pharmaceutical company in Forbes most admired companies.



Oasis Petroleum (NYSE: OAS)

Portfolio: Davidson
Purchased: February 15, 2012
Purchase Price: \$31.89
Inherited Price: \$29.75
Current Price: \$40.83
Analyst: Jordan Fawson

Oasis Petroleum is an oil company that focuses on the production and procurement of unconventional oil and natural gas resources.

The fund analysts feel that, because of shifts of focus in terms of global supply and new technologies, Oasis's holding in the Bakken and Three Forks shell formations offer the company a unique advantage over several of its competitors, resulting in a hold recommendation.



Pozen Inc. (POZN)

Portfolio: School
Purchased: January 30, 2013
Purchase Price: \$5.37
Current Price: \$5.72
Analyst: Todd Fivas



POZEN, Inc. is a pharmaceutical company that specializes in pain medications. It also creates hybrid drugs in order to eliminate side effects that are present in generic medicines. After a product is FDA approved, POZEN collaborates with larger pharmaceutical companies to manufacture, sell, and distribute its products.

POZEN has an uncommon business model and a consistent record of approvals by the FDA. The company also has several drugs in phase 2 and one in phase 3 trials. Fund analysts purchased the holding based upon the potential of its pipeline.

Psychemedics Corporation (NASDAQCM: PMD)

Portfolio: School
Purchased: April 15, 2010
Purchase Price: \$7.73
Inherited Price: \$9.83
Current Price: \$11.89
Analyst: Xiaojuan Song



Psychemedics Corp. offers drug testing services to corporations, government agencies, and academic institutions worldwide. The patented hair testing method of Psychemedics has been clinically proven to be more effective than urinalysis drug testing. On average, 85% of the drug users identified by Psychemedics would have been missed by urinalysis. This is due to the much longer detection window of approximately three months. However, a challenge the company faces is the price point. Urinalysis is a significantly cheaper testing method and maintains a strong presence in the market.

Psychemedics was kept in the portfolio due to its continued outperformance over the previous year. Since our purchase, PMD has returned 21 percent. The fund analysts believe that over the next several years improved economic stability will continue to provide favorable returns and the ability for customers to make the transition to hair testing.

PVH Corp. (NYSE: PVH)

Portfolio: School
Purchased: January 23, 2013
Purchase Price: \$117.28
Current Price: \$132.16
Analyst: Farah Azmi



PVH Corp., formally Phillip Van Heusen, is a United States based apparel company that operates in the Americas, Europe, and Asia. The company's three main arms include Calvin Klein, Tommy Hilfiger, and Heritage Brands. These three segments operate via retail, wholesale, and licensing. PVH designs and markets clothing, handbags, sun wear, footwear, and more. Under Calvin Klein, PVH designs and controls all of the products in-house. As of 2010, PVH also controls all segments of Tommy Hilfiger.

The stock was purchased near its 52-week high. The fund analysts purchased the stock due to its high income potential streaming from the recent PVH Warnaco deal. This deal brought all of the Calvin Klein products in-house. Additionally, Warnaco has a strong presence in emerging markets, particularly in Asia and Latin America, which could potentially lead to large upside. After PVH's fourth-quarter earnings release, the Warnaco deal was viewed with some uncertainty, but the fund analysts expect a rebound in the future.

Ralph Lauren, Inc. (NYSE: RL)

Portfolio: Davidson
Purchased: November 14, 2012
Purchase Price: \$150.25
Current Price: \$180.98
Analyst: Stuart Doane

Ralph Lauren Corp. is an international "life style" brand that features a broad range of men's, women's, and children's clothing, as well as assorted housewares.

Fund analysts voted to purchase this stock based on its strong performance leading into Black Friday and similar holiday sales. The decision was bolstered by the dramatic increase in sales among clothing retailers as previous economic contraction lessened, leaving households with more discretionary income.



Resource Capital Corp. (NYSE: RSO)

Portfolio: School
Purchased: March 6, 2013
Purchase Price: \$6.65
Current Price: \$6.53
Analyst: Jordan Fawson

Resource Capital Corporation is a real estate investment trust that purchases and maintains positions in commercial real estate-related assets as well as commercial finance assets in the United States. The company invests specifically in bank loans, commercial mortgage-backed securities, other asset backed securities, and several other financial assets.

The Fund bought Resource Capital because it wanted to take advantage of its position as a non-profit, which enables it to collect domestic dividends tax-free. Its dividend is currently a very attractive 12.4 percent. As long as quantitative easing continues to keep lending rates low, a hold is recommended.



Salesforce.com (NYSE: CRM)

Portfolio: Davidson
Purchased: October 29, 2009
Purchase Price: \$59.49
Inherited Price: \$147.64
Current Price: \$172.99
Analyst: Michael Sayre

Salesforce.com is a cloud based customer relationship management (CRM) company. Salesforce prides itself on its ability to provide quality products and services successfully regardless of the need or the size of the customer.

The company has made several acquisitions in recent months, including Buddy Media, a social media marketing company with a portfolio consisting of many large clients. The fund analysts recommend holding this stock based upon the company's recent history of outperforming both the market and its main competitors.



Siemens (NASDAQ: SI)

Portfolio: Socially Responsible
Purchased: May 6, 2011
Purchase Price: \$138.16
Inherited Price: \$93.56
Current Price: \$106.59
Analyst: Stuart Doane

Siemens AG is a global electronic and electrical engineering company. Siemens' primary industries are energy, healthcare, infrastructure and cities, enterprise technology, and industrial products.

Fund analysts elected to continue to hold the security largely based upon its diversification across multiple industries, its presence in 190 countries, and to maintain a technology play within the Socially Responsible portfolio.

Tata Motors Ltd. (NYSE: TTM)

Portfolio: Milner
Purchased: April 22, 2009
Purchase Price: \$7.05
Inherited Price: \$22.04
Current Price: \$24.74
Analyst: Geoff Glade



Tata Motors is a rapidly expanding Indian manufacturing company, which is known for its passenger and commercial vehicles. The passenger vehicles range from luxury cars such as Jaguar and Range Rover, to the low-cost four-passenger Tata Nano. There are a variety of commercial vehicles ranging from about 4 – 50 tons. The company's vehicles are marketed around the world in places such as Europe, Africa, South East Asia, South America, and the Middle East.

The current Fund analysts chose to hold Tata Motors because the company is expanding into many countries and is expected to continue to grow. The fourth generation Range Rover, as well as the company's plan to introduce its vehicles to Indonesia, is expected to increase sales in 2013. The company hopes to bring its low-cost five-passenger Nano to the U.S. in three years, which will likely increase the company's value.

Thermo Fisher Scientific Inc. (NYSE: TMO)

Portfolio: Socially Responsible
Purchased: April 20, 2011
Purchase Price: \$55.69
Inherited Price: \$56.38
Current Price: \$90.59
Analyst: Jessica Lee



Thermo Fisher Scientific is a developer, manufacturer, and retailer of electronic products that supports the pharmaceutical, biotechnology, academic, government, and other research and industrial markets. The company was the result of a merger between Thermo Electron and Fisher Scientific in 2006. It currently has operations in several countries with sales concentrated in the U.S. and Europe. Thermo Fisher Scientific was ranked among Newsweek's Top 500 Green Companies and is active in community involvement and volunteerism as it has donated \$4.4 million to education.

Last year's fund analysts purchased Thermo Fisher Scientific because it had been experiencing annual growth via acquisitions and had maintained a solid product line over the last few years. Current fund analysts continue to hold because the outlook of Thermo Fisher Scientific remains positive long-term and is expected to outperform.

Westinghouse Air and Brake Technologies (NYSE: WAB)

Portfolio: Milner, Davidson
Purchased: November 8, 2006
Purchase Price: \$15.74
Inherited Price: \$40.77
Current Price: \$57.32
Analyst: Jie Dong



Westinghouse Air and Brake Technologies is a provider of 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 services components for passenger transit vehicles, primarily subway cars and buses.

Over the previous year, Westinghouse acquired several competitors in order to diversify its product line, gain market share, and develop a stronger presence in emerging markets. As a result, the stock increased 22.5 percent. We recommend a hold.

WhiteWave Foods, Inc. (NYSE: WWAV)

Portfolio: School
Purchased: February 27, 2013
Purchase Price: \$15.21
Current Price: \$19.22
Analyst: Stuart Doane



The WhiteWave Foods Company sells organic milk, cheese, and yoghurt, plant-based dairy alternatives, and creamers. The company produces its products and sells them to grocery stores, convenience stores, and mass-merchandisers.

WhiteWave takes advantage of the growing popularity of organic food. Although its products are slightly higher priced when compared to their more processed counterparts, WhiteWave continues to win over health-conscious customers, who gladly pay the premium. The improving economy plays a large part in its sales as well, as customers can more easily afford higher-priced food alternatives.

Williams-Sonoma, Inc. (NYSE: WSM)

Portfolio: Socially Responsible
Purchased: November 21, 2012
Purchase Price: \$44.65
Current Price: \$57.60
Analyst: Jessica Lee

WILLIAMS-SONOMA

Williams-Sonoma, Inc. has established itself as one of the leaders in the home-furnishing industry by providing superior quality, premium products since 1956. Currently, the company has a total of six major retail store brands and nine online brands. While the company's portfolio brands provide an extensive range of products that reach into different segments within the industry, the brands also largely appeal to various age and wealth demographics. Major distinguishing factors of the company from its competitors include its multiple distribution channels, catalogs and e-commerce sites, and its efforts to include the community it operates within, which help establish strong consumer loyalty.

The company will be a great long-term investment for several reasons. Williams-Sonoma has been able to grow its own brands, acquire new companies, and provide superior customer experience in its stores and through its web sites and catalogues. Expansion in the Middle East and an increase in global presence make WSM an attractive investment to local and international investors. Economists are optimistic that, as the housing market continues to recover, home remodeling will also rise, which will benefit the company's future performance.

Zillow Inc. (NASDAQGS: Z)

Portfolio: Milner
Purchased: February 8, 2013
Purchase Price: \$36.50
Current Price: \$74.61
Analyst: Jordan Fawson



Zillow is an online platform that enables consumers to explore real estate and rental options such as homes for sale, rental properties, mortgage rates, and interior home design. Zillow accomplishes this by allowing consumers to view its extensive living database of U.S. homes. This database is compiled into an easy-to-use interface so that consumers can understand the housing market better and make more informed decisions.

Zillow supports itself through its marketplace segment and its advertising display segment. Fund analysts bought Zillow because of its innovation in the real-estate and web platform segments. In the months since its purchase, its price has more than doubled.

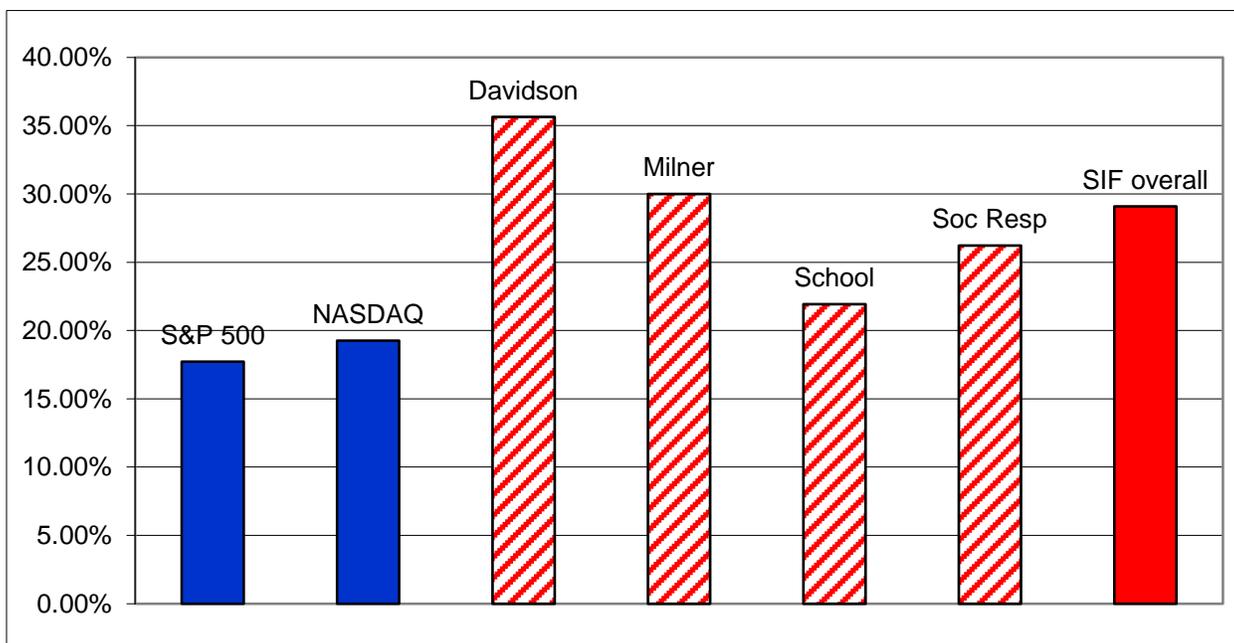
Zynga (NASDAQGS: ZNGA)

Portfolio:	School	Zynga develops games for mobile and social media platforms. Revenue is generated through the use of ads and purchases from within the game. The company has a large market share within the industry.
Purchased:	April 12, 2012	
Purchase Price:	\$12.12	
Inherited Price:	\$2.97	
Current Price:	\$3.01	Since the IPO of Facebook, Zynga has gained little traction in its share price. However, the fund analysts recommend a hold for the following reasons. Zynga's plan to enter into online gambling using its current platforms and social media dominance will likely lead to an increase in consistent revenue streams. The company also gives us exposure to the growing industry of social network game development and allows us to further diversify the school portfolio.
Analyst:	Michael Sayre	



Update, August 23, 2013

Our portfolio has continued to perform well through the summer. Over the 12 months we have managed the Student Investment Fund, each of our four portfolios has outperformed both the S&P 500 and the NASDAQ indexes. Collectively, our four portfolios earned a value-weighted return of 29.1%, as compared to the S&P's 17.7% and the NASDAQ's 19.3% return.



The table below compares each stock we held during the year to the S&P 500 over our holding period. Of the 35 stocks we inherited and still hold, 25 of them have outperformed the market. We purchased 17 stocks, 11 of which have outperformed the market. Of the stocks we sold, half (five of 10) had outperformed the market and half had underperformed at the time of our sale. In most cases, we reinvested the proceeds after selling a stock. The next table compares the performance of the stocks we sold to the market following our sale. Of the 11 stocks we sold, 7 of them underperformed the market from the time we sold to August, 23, 2013, the date of this report. Overall, our strong performance came from holding the right stocks, buying companies that performed strongly, and selling stocks that subsequently performed relatively poorly. Our biggest losers relative to the market were

We sold two more stocks after the first part of the report was written, Hess (HES) on July 22 and Cheesecake Factory (CAKE) on August 2. Hess has undergone significant changes in the last year including consolidating their very wide range of global interests. These changes were driven in part in response to activist investors. There is considerable uncertainty whether the changes in management and holdings will be beneficial. Oil prices are currently high, as well, and are likely to pull back in the fall. We are also over-weighted in energy stocks. We sold CAKE when the stock hit our analysts' target price. Rising food prices are likely to squeeze margins in the near future. Furthermore, if there is any macro pullback, competition is likely to intensify in the restaurant sector. Cheesecake Factory lacks the scale of some of its national competitors.

Stocks Sold: subsequent performance				
	Gross Return	S&P return	Date sold	Portfolio
AMD	-2.93%	18.87%	30-Aug-12	Davidson
EZA	-6.84%	13.94%	13-Sep-12	School
TZOO	22.90%	13.94%	13-Sep-12	School
RIO	-4.66%	13.87%	17-Oct-12	School
NTAP	27.85%	18.04%	5-Dec-12	Soc Resp
ACOM		acquired	28-Dec-12	Milner
GES	9.44%	11.29%	23-Jan-13	School
SKUL	-17.46%	11.29%	23-Jan-13	School
URBN	-0.30%	11.04%	31-Jan-13	School
CYOU	-3.73%	9.66%	11-Feb-13	Davidson
HES	3.73%	-1.89%	22-Jul-13	Milner
CAKE	-0.83%	-2.70%	2-Aug-13	Milner
		Number	Percent	
	Losses avoided	7	64%	
	Gains forgone	4	36%	

WHAT WE DID

Speakers

Ryan Snow joined us in early October. Mr. Snow is currently a fund manager at Wasatch Advisors, an asset management firm managing 18 mutual funds with over \$13 billion of assets under management. Mr. Snow discussed historical market returns along with the history of the stock market. He also lectured on investment philosophy. His investment strategy consists of looking for companies with good business economics, long-term sustainability, strong growth rates, and a superior management team. He stressed the importance of corporate culture and management; his fund has discovered a high correlation between the quality of management and long-term stock returns.

Our fund analysts have considered this strategy as we researched and valued companies throughout the year. Many of our stock pitches emphasized the quality of the company's management and prior experience in the industry.

Hal Milner was our guest lecturer in late April. He contributes funding for the Student Investment Fund's Milner Portfolio. Mr. Milner discussed business ethics and ethical dilemmas that occur in the business world. He began by introducing scenarios and asking the class for their opinions. This activity highlighted broad differences in opinion among the within the class. Mr. Milner used the strategies of corporate CEO's as case studies, and the class discussed whether their actions crossed ethical boundaries. He shared the experiences of Danny Ainge, General Manager of the Boston Celtics, who adhered to the rules, but confused other players by giving them false information while playing on his youth baseball team. Mr. Milner's discussion emphasized the ambiguity and implications of ethics in business depending on personal opinion and past experiences.

Mr. Milner ended the lecture with statistics on the world population and emphasized the opportunities available to college graduates entering the business world.

National Investment Banking Competition

This year, one of our current Student Investment Fund Analysts- Thania Burningham- along with two alumni of the Student Investment Fund- Bao Nguyen and Arthur Jessop- and an eager freshman- Andres Lancheros- participated in the National Investment Banking Competition. The team was assigned a financial model which required an in-depth analysis of Wynn Casinos' financial data. The team was required to run scenarios, evaluate transaction alternatives. Utah's team was selected from 156 participating teams as one of 15 undergraduate finalists. The team traveled to Vancouver to compete in the finals.



From left to right: Bao Nguyen, Thania Buningham, Arthur Jessop, and Andres Lancheros

RISE Symposium

On April 3, 2013, the University of Utah sent twelve students to the R.I.S.E. Forum in Dayton, Ohio. The group consisted of four current SIF portfolio analysts and eight aspiring portfolio analysts.

The Redefining Investment Strategy Education Forum (R.I.S.E.) is an annual investment conference that is held at the University of Dayton. The conference is the largest and longest running student investment conference in the world. The conference invites many prestigious speakers from Wall Street, corporate firms, government, and news stations to share their knowledge with students from around the globe.

On Day 1 of the conference, the students were treated to an intense day of discussion listening to various panels covering topics such as the economy, markets, and future of the industry. Students were able to gain insight from top professionals in an interactive setting. New to this year, the keynote panel was the Federal Reserve Presidents Panel featuring two current Federal Reserve Bank Presidents. The panels were able to provide a riveting discussion in which students participated by asking questions. Days 2 and 3 provided for more intimate dialogue with breakout sessions. These breakout sessions focused on enhancing students' skills in finance. With topics varying from private equity, fixed income portfolio management, FOREX trading, equity analysis, sales and trading and more, the students gained lots of new knowledge in finance.

The trip provided the students with invaluable information and networks that could have been offered only at the RISE forum. The students are very fortunate to be a part of this unique experience. We highly recommend the same experience to future fund analysts.



CFA Institute Research Challenge 2012-2013

In November 2012, five students from University of Utah the University of Utah were selected to form the 2012-2013 CFA Institute Research. Of the five participants, three team members—Thania Burningham, Zhao Jin, Jessica Lee—are all current Student Investment Fund analysts. The other members of the team were Tyler Romrell and Lance Messervy.

In early December the team was given the assignment to initiate coverage on Huntsman Corporation (NYSE: HUN), a global manufacturer and marketer of differentiated chemicals based in Salt Lake City, Utah. Over the next two months, the team assumed the role of research analysts. The team was graded on its ability to value the equity of the company, write an initiation-of-coverage report, and present its recommendations to a panel of CFAs.

The team initiated coverage of Huntsman as a "SELL" with a target price of \$17.27. This represented a downside potential of 7.2 percent from then price of \$18.18. The recommendation made by the team was reaffirmed by the actual stock performance when the company's stock price had dropped below the team's target price after the company announced poor annual earnings result.

As part of the competition, the U of U team competed against four other universities in the state of Utah. The team took first place in the state competition scoring and advanced to the regional competition for the Americas, which took place in Toronto, Canada this year. This marked the first time University of Utah students took first place in Utah's Research Challenge.



From left to right: Lance Messervy, Jessica Lee, Thania Burningham, and Tyler Romrell.
Not pictured: Zhao Jin

Spring Presentations to Professionals

FEBRUARY

Student Analysts:

Ashley Atkinson
Farah Azmi
Matt Cunningham
Stuart Doane

Jordan Fawson
Nathan Peterson
Xiaojuan Song

On February 12, 2013, a group of Student Investment Fund (SIF) participants presented a stock pitch to a room of local professionals and university professors. The group pitched Zillow, an online real estate information database that was then trading at \$36.15. The pitch was the culmination of a month's worth of work, including extensive due diligence on the business model, analysis of the industry climate, financial analysis and projections, and the production of a thirty page written report. The team found that Zillow offered tremendous potential upside for investors, and pitched a BUY to the audience.

Due to a better-than-expected earnings report, Zillow popped to \$42.30 shortly after the presentation. After retreating slightly, the stock went on to reach \$50.14 on March 6 and \$54.67 on March 28, offering a 42 percent return in a month and a half. Zillow is held in the Milner fund and receives a hold recommendation.

APRIL

Student Analysts:

**Thania Burningham
Jie Dong
Todd Fivas
Jenny Flatberg**

**Geoff Glade
Zhao Jin
Jessica Lee
Michael Sayre**

On April 9, 2013, the University of Utah Student Investment Fund held a presentation recommending a "BUY" for 3D Systems Corporation. 3D Systems Corporation is a public industrial goods company that specializes in the development, manufacturing, and marketing of 3D printers, their related materials, and product-specific troubleshooting.

By providing and improving accessibility, the firm plans to continue to grow the market demand for 3D printers, the materials utilized in the manufacturing process, and the many services 3D Systems provides. The company has seen some measure of success and can boast a 3-year revenue growth average of 26 percent.

The Student Investment Fund recommended a "BUY" for four primary reasons:

- (1) Consistently high revenue growth, profit growth and the flexibility to meet fluctuating demand across industries enables 3D Systems to continue to lead the industry into the future.
- (2) The current strategy of acquiring companies will increase 3D Systems' software, product, and patent portfolio, as well as its human capital, bolstering its development capabilities and increasing its market share.
- (3) The market has yet to understand the true potential and growing number of applications of 3D printing technology.
- (4) Multiple valuation methods produce a target price that suggests an upside potential of 33%. Utilizing a weighted combination of a comparable company analysis and DCF, of 40% and 60%, the company's stock is currently trading below fair market price. We rate 3D Systems as a buy based on a strong upside potential in the stock.

We thank the following professionals for participating in our presentations and offering us feedback.

Greg Aiken
Brad Baldwin
David Calder
Matthew Crouse
Paul Dougan
Colton Dye
Jackie Ewer
Fred Fairclough
Jake Garn
Jack Gertino
Scott Haley
Stephen Jeffries
Matt Marsh
Hal Milner
Jason Morrow
Dick Pratt
Don Rands
Ryan Snow

Zions Wealth Advisors
Wasatch Front MLS
Leucadia National Corporation
Western Investment
Equity Oil Company (retired)
Beneficial Financial
Merrill Lynch
Bonneville Mortgage
Summit Ventures
First Interstate International
Charles Schwab
Ardoure Group
Sorenson Capital
Kensington Company
Utah Retirement Systems
Richard T. Pratt Associates
Zions Bank
Wasatch Advisors

Brad Shumpert
Ramona Stromness
Greg Thornton
Michael Thornton
Rex Thornton
Bryant Weber

D.A. Davidson
Richard T. Pratt Associates
D.A. Davidson
Assure Fund of Funds
D.A. Davidson
Utah Retirement Systems

WHAT WE LEARNED

Advice to the Incoming Fund Analysts

For many of you, this will be the first time that you have ever translated what you have learned about equities to actual real world applications. In most cases, you probably already know what stocks are, how they can be used, how they derive their value, why your portfolio needs to be diversified, and so forth, but in the actual scrutiny, research, presentation, and purchase of holdings, you will likely run into many situations that are not always foreseeable.

As a class, we had a pretty good run. We were fortunate in that we had a robust market and a strong portfolio we inherited. We had the right approach in that we took our responsibilities seriously and did our utmost to make solid decisions. However, we nevertheless found ourselves in many difficult situations. We ask that you do your best to learn from our experiences, our shortcomings, and our successes. We leave you with a few pieces of advice, in hopes that they will serve you well.

First and foremost: do not be mistaken; being successful in your current capacity takes a lot of hard work. This will very likely take more dedication, more time, and more teamwork than any of your courses before this and after. There will be long nights. There will be arguments, rest assured. However, these are nothing that cannot be taken on with some late night food runs and sensible compromise.

Secondly: you have excellent resources; use them. You will be the first analysts that have access to the new trading room. Expect to spend a lot of time there. Get to know the software programs available to you. At first, they may be intimidating, but you will learn to love them, for when properly applied, they make your job much more manageable. You have a knowledgeable and open advisor in Liz. Approach her. Ask questions. Ask advice. At times you may feel intimidated, but she will always be there to assist you with your best interests in mind. You will find yourself among some of the best and brightest students that the university has to offer in your discipline. Get to know each and every one of them. Learn from them, for they are headed for great things.

Thirdly: you will spend a lot of time in group situations, especially in your second semester. You likely are already very familiar with the various ways in which group dynamics can break down or fall apart completely. This may be the biggest challenge you face here, so learn to work together with your colleagues. Trust in each other, but always double-check everything. Then check it again. Deliberate and become an expert in your role, but make sure you familiarize yourself with the material assigned elsewhere. Do not assume that others will ask only the obvious, easy questions; be ready for anything. Be able to explain EVERYTHING on your company's financial statements. When you think you have learned all there is to learn, dig deeper. Learn to manage your time. Your reports will always take longer than you think they will. Plan for it. Stay on top of things and do your best to stay ahead of schedule.

Lastly: learn to be flexible. Do not get hardheaded about anything. There are times in the next year that you will get outvoted. There are times that people will disagree with you. Do *not* take it personally. Allow room in your approach for changes in course.

Remember, a strategy is merely a foundation; there are always exceptions. For example, we had the unique opportunity of good timing. We had a strong market, in which we wanted to employ all of our idle assets. In general, we believed that the bull market had some room to go yet and wanted to capitalize on its momentum. We looked to get into solid companies that outdid competitors, had loyal customer bases, and room to expand. However, overall market momentum will not fully drive the momentum of individual companies. We had (and still do have) a large position in Apple. The company had given us strong returns when the market was less robust and we believed that it would continue to do so with the reinvigorated overall economy. We believe we failed to fully consider that such a company could already be overvalued simply on account of one of our overall portfolio strategies. We discussed selling our stake, and unfortunately, made the wrong call in choosing not to. Try to avoid making similar mistakes. Remember to have a reason for owning (and holding onto) every single security you have.

We congratulate you on getting here. We implore you to take this opportunity, for which you have already worked so hard, to learn everything you can about equities, about group dynamics, and about investing in general. If you approach this year with the right preparation—with the right attitude—you will leave it with many things that you did not have when you arrived: experience; perspective; and a few worthwhile colleagues and friends.

Every single one of you has a good head on your shoulders. You know how to apply yourself. That's how you got here in the first place.

We proudly pass on our fund to you. Now roll up your sleeves, have fun, and good luck.

Cheers,
Student Investment Fund 2012-2013