

STUDENT INVESTMENT FUND

2006-2007



ANNUAL REPORT



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

TABLE OF CONTENTS

2006-2007 STUDENT MANAGERS	1
HISTORY	1
STRATEGY.....	2
Davidson & Milner Portfolios	2
School Portfolio	2
DAVIDSON AND MILNER PERFORMANCE	2
Overall Performance	2
Individual Stock Performance (April 20, 2007)	4
SCHOOL PORTFOLIO PERFORMANCE	5
Individual Stock Performance (April 20, 2007)	6
ANALYSIS OF STOCKS SOLD	6
PRESENTATIONS TO PROFESSIONALS	8
ADA-ES Inc.....	8
Aldila Inc.	9
R.I.S.E. FORUM VII.....	10
COMPANY SUMMARIES	11
AAR Corp. (AIR).....	11
ADA-ES (ADES).....	11
Aldila (ALDA).....	12
American Mortgage Acceptance Company (AMC)	12
Cerner (CERN)	13
ConocoPhillips (COP)	13
Comcast (CMCSA).....	13
CryptoLogic (CRYP).....	14
Cytac (CYTC).....	14
Deere (DE).....	14
Fossil (FOSL).....	15
Garmin (GRMN).....	15
Greenhill & Co (GHL).....	16
Harris and Harris Group (TINY)	16
Icon PLC (ICLR)	16
Interactive Intelligence (ININ)	17
iShares Russell 2000 Growth (IWO)	17
iShares S&P 500 Value Index (IVE)	17
LCA-Vision (LCAV).....	18
Liberty Property Trust (LRY).....	18
Luxottica Group (LUX)	18
Materials Technology (MTX).....	19
Microsoft (MSFT).....	19
Northgate Minerals (NXG).....	20
Occidental Petroleum (OXY)	20
Pioneer Drilling Company (PDC).....	21
Seagate Technology (STX).....	21

Simulations Plus (SLP).....	21
Starbucks (SBUX)	22
Tetra Technologies Inc. (TTI).....	22
Tsakos Energy Navigation (TNP).....	22
Usana (USNA).....	23
Westinghouse Air Brake Technologies (WAB)	23
PERFORMANCE UPDATE: AUGUST 10, 2007	23
Davidson and Milner portfolios	23
School Portfolio	26
SPEAKERS	27
ACKNOWLEDGEMENTS.....	27
STUDENT ANALYSTS.....	28
BYLAWS.....	29

2006-2007 STUDENT MANAGERS

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DYLAN DURHAM
B. JAY FLYNN
JACLYN JOHNSON FULLER
TOM HARDY
STEPHEN JEFFRIES
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JEFFREY KYLE

NEEL LIMAYE
EMILY LYMAN
ADAM NELSON
RAY PHILLIPS
JAKE RANDALL
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INVESTMENT FUND ADVISOR: DR. ELIZABETH TASHJIAN

HISTORY

In October 1998, David Eccles School of Business finance students joined the D.A. Davidson Student Investment Fund program, which allows students to invest \$50,000 in a working stock portfolio. The purpose of this program is to bolster student learning in a real-world setting. The original \$50,000 remains intact year to year, supported by D.A. Davidson. Any returns above five percent are split in half and shared by the firm and the Student Investment Fund. D.A. Davidson guarantees students against any losses below the original \$50,000 mark, which will be replenished year to year if necessary. Since October 1998, D.A. Davidson has given over \$20,000 directly to the student portfolio and Bill Child, CEO of R.C. Willey Home Furnishings, has donated another \$5,000 to the fund. In March 2004, U students received an additional \$50,000 from Hal Milner in a program similar to D.A. Davidson's. Mr. Milner has donated over \$3,000 to the School fund based on his portfolio's performance.

Beginning in December 1998, students formed a Student Investment Fund Club and met regularly to develop an investment strategy, research and invest in specific stocks, listen to investment professionals, and to track their investments. The original club that first year was comprised of 12 students and their advisor, Finance Professor Liz Tashjian.

That first year, the students eventually selected a strategy of investing in volatile stocks in the technology and finance sectors. Between January and April 1999, the portfolio realized returns of more than 40 percent. In April, the students voted to sell a third of their equity positions to reduce the fund's risk over the summer.

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

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

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.

STRATEGY

Davidson & Milner Portfolios

The 2004-2005 managers had adopted a strategy of investing in small cap stocks in the Davidson and Milner portfolios. They believed that small caps held the greatest potential for the following reasons.

1. Small cap stocks' aggregate performance over the last 80 years has yielded 17% annualized returns compared to the overall market return of 11%.
2. Small caps have the highest volatility and as each class's management tenure lasts only 12 months, small cap stocks present a better opportunity for us to see the results of our actions.
3. Small cap companies are typically more focused in scope and are more easily understood.

Initially, the 2005-2006 managers adopted a similar strategy, but, beginning in late January, their strategy began to diverge and they began to make investments in large cap stocks, including Occidental Petroleum, an independent oil and gas company, Wal-Mart, which was expanding into rapidly growing countries such as India, and Intel and Applied Micro Devices. We sold all of these investments except for Occidental during our first meeting and have pursued a strategy of investing in relatively small companies in the Davidson and Milner portfolios. We attempted to maintain relatively low cash holdings to maximize our market exposure.

School Portfolio

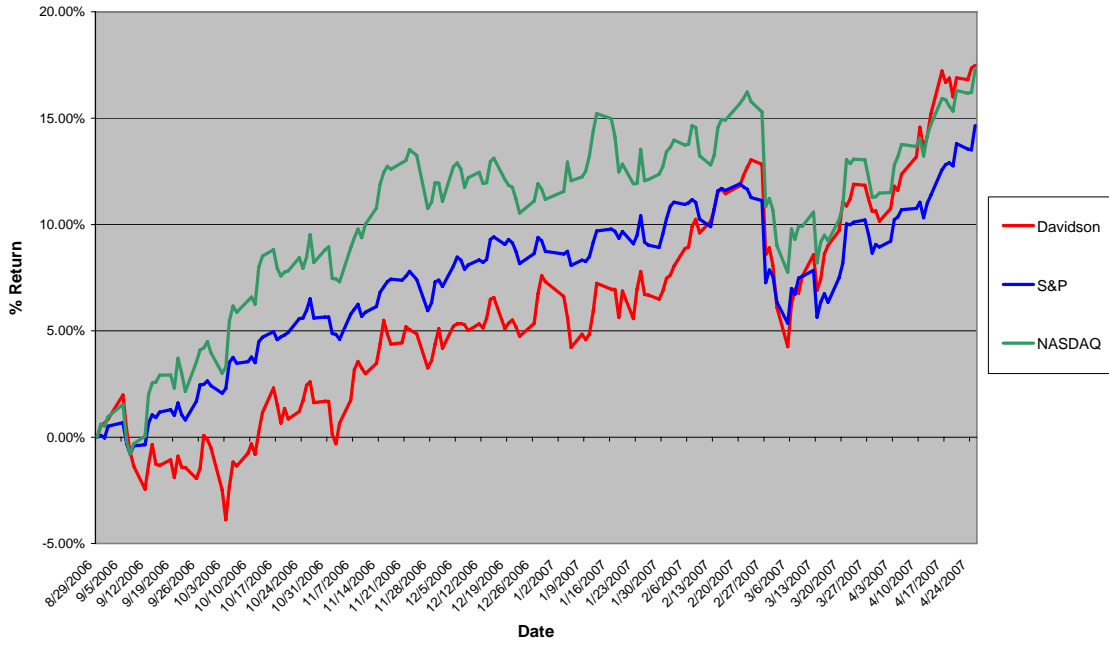
The school portfolio has been funded by donations to the Student Investment Fund. The capital belongs to the school and we bear losses as well as enjoying gains. This fund is governed by our bylaws, which are reproduced at the end of the annual report. The investment objective for the school portfolio is growth, with a three-to-five year investment horizon. When we inherited the portfolio, its value was \$30,437.31.

DAVIDSON AND MILNER PERFORMANCE

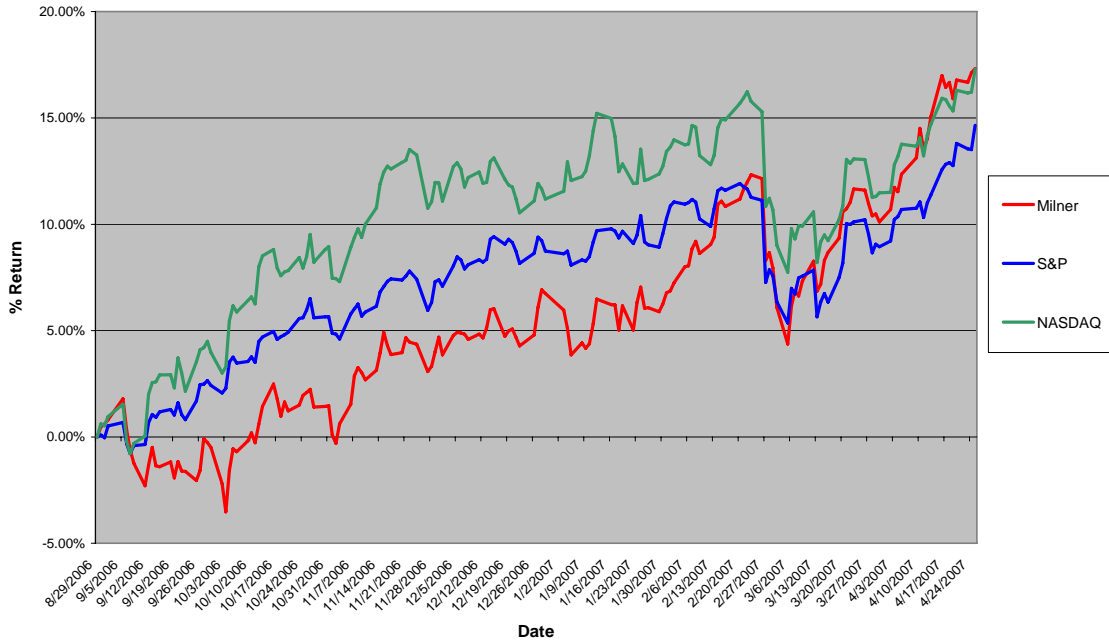
Overall Performance

We assumed control of the portfolios on August 29, 2006. Between that date and the date of the main portion of this report (April 20, 2007), the Davidson and Milner portfolios have outperformed the S&P 500 and the NASDAQ indexes. Between August 29, 2006,

**Portfolio Return v. S&P and Nasdaq
2006 - 2007**



**Portfolio Return v. S&P and Nasdaq
2006 - 2007**



and April 20, 2007, the S&P has gained 13.8% and the NASDAQ index increased 16.3%; the Davidson portfolio returned 16.9% and the Milner portfolio gained 16.8%.

On September 1, 2005, the Davidson portfolio's value was reset to \$50,000. Mr. Milner generously chose not to reset his portfolio and left the prior year's gains under our management. Consequently, the value of the Milner portfolio was about 1.2 times the value of the Davidson portfolio. The 2004-2005 managers had bought equal amounts of stock in the two portfolios. To maintain similar return performance on the two portfolios, the 2005-2006 managers voted to allocate future investments 45% to the Davidson portfolio and 55% to the Milner portfolio. We adopted a similar strategy, but some inherited positions are held in equal amounts rather than equal proportions in the two funds. In addition, the Milner portfolio had more cash than the Davidson portfolio when we inherited the portfolios. On March 14, 2007, we purchased 75 shares of IVE, an ETF based on the S&P 500 value index, for the Milner portfolio. This investment resulted in a consistent proportion of cash in the Milner and Davidson portfolios. In the future, we expect similar returns in the Davidson and Milner portfolios.

Individual Stock Performance (April 20, 2007)

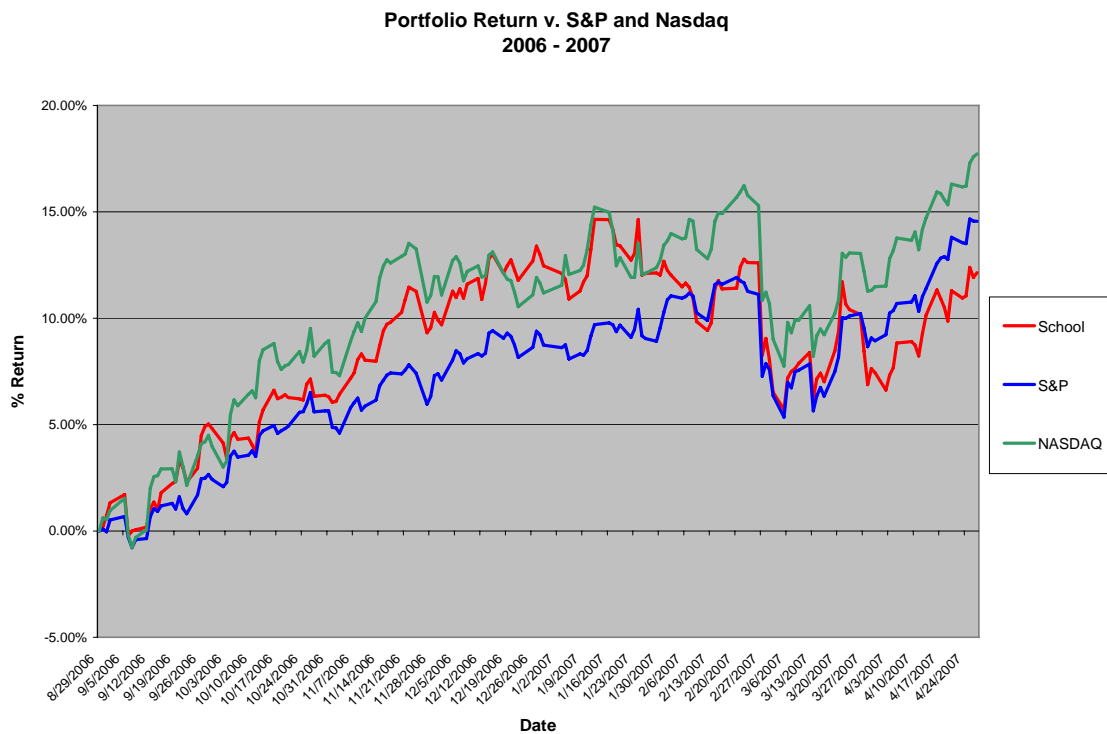
Davidson & Milner Portfolios							
Ticker	Shares	Date Acquired	Initial Price	Date Sold or Valued	Final Price	Dividend	Gross Return
Inherited Stocks							
AIR	400	29-Aug-06	21.63	20-Apr-07	30.46	0.00	40.82%
GTK	400	29-Aug-06	35.00	30-Sep-06	35.00	0.00	0.00%
IWO	250	29-Aug-06	71.42	20-Apr-07	84.17	0.15	18.06%
ICLR*	300	29-Aug-06	34.40	20-Apr-07	43.51	0.00	26.48%
TINY	150	29-Aug-06	9.93	20-Apr-07	14.10	0.00	41.99%
PDC	400	29-Aug-06	13.95	20-Apr-07	13.80	0.00	-1.08%
USNA	150	29-Aug-06	44.93	14-Feb-07	60.87	0.00	35.48%
OXY*	120	29-Aug-06	52.54	20-Apr-07	51.71	0.66	-0.32%
CERN	100	29-Aug-06	46.14	20-Apr-07	55.09	0.00	19.40%
INTC	200	29-Aug-06	19.68	31-Aug-06	19.73	0.00	0.25%
WMT	100	29-Aug-06	44.49	31-Aug-06	44.92	0.00	0.97%
CRYP	230	29-Aug-06	25.99	4-Oct-06	17.50	0.12	-32.20%
AMD	100	29-Aug-06	24.40	31-Aug-06	25.05	0.00	2.66%
NXG	2500	29-Aug-06	3.56	19-Apr-07	3.77	0.00	5.90%
Acquired Stocks							
ADES	500	21-Sep-06	11.30	20-Apr-07	19.00	0.00	68.20%
LCAV	180	25-Oct-06	34.76	13-Feb-07	47.17	0.18	36.21%
ININ	180	1-Nov-06	16.90	20-Apr-07	15.07	0.00	-10.83%
WAB	100	8-Nov-06	31.48	20-Apr-07	36.40	0.02	15.70%
TNP	155	15-Nov-06	44.85	20-Apr-07	53.57	1.50	22.79%
CYTC	145	20-Feb-07	30.50	20-Apr-07	35.08	0.00	15.02%
GRMN	120	8-Mar-07	53.03	20-Apr-07	55.01	0.00	3.73%
IVE	75	14-Mar-07	75.49	20-Apr-07	80.83	0.00	7.07%
SLP	200	14-Mar-07	8.85	20-Apr-07	12.31	0.00	39.11%
ALDA	250	4-Apr-07	15.93	20-Apr-07	16.48	0.00	3.45%

* split adjusted

As of April 20, 2007, Harris & Harris (TINY) was the best performer of the inherited stocks, returning 42%. Cryptologic was the worst performer; we would have done better to hold the stock, rather than sell after bad news. The worst performing acquired stock was Interactive Intelligence, Inc. (ININ) which returned -9%. ADA-ES (ADES) was our best performer with a 70% return.

SCHOOL PORTFOLIO PERFORMANCE

The School portfolio grew by 11.3% from the date we assumed control of the funds to April 20, 2007, underperforming both the S&P and NASDAQ indexes.



Individual Stock Performance (April 20, 2007)

School Portfolio							
Ticker	Shares	Date Acquired	Initial Price	Date Sold or Valued	Final Price	Dividend	Gross Return
Inherited Stocks							
MSFT	200	29-Aug-06	25.84	20-Apr-07	29.02	0.20	13.08%
AMC	300	29-Aug-06	16.96	21-Oct-06	18.01	0.40	8.55%
FOSL	200	29-Aug-06	18.94	14-Feb-07	23.00	0.00	21.44%
STX	100	29-Aug-06	21.17	20-Apr-07	21.58	0.20	2.88%
MTX	50	29-Aug-06	51.51	20-Apr-07	66.29	0.15	28.98%
DE	35	29-Aug-06	74.75	20-Apr-07	111.56	1.27	50.94%
COP	62	29-Aug-06	64.69	22-Nov-06	64.05	0.36	-0.43%
Acquired Stocks							
AMC	200	16-Mar-07	9.84	20-Apr-07	9.24	0.23	-3.81%
GHL	35	15-Nov-06	69.73	20-Apr-07	64.20	0.44	-7.30%
TTI	100	22-Nov-06	24.56	20-Apr-07	26.40	0.00	7.49%
JBLU	100	29-Nov-06	13.61	20-Apr-07	11.00	0.00	-19.18%
CMCSA*	150	17-Jan-07	29.99	20-Apr-07	27.91	0.00	-6.95%
LUX	150	14-Feb-07	31.65	20-Apr-07	33.23	0.00	4.99%

* split adjusted

This portfolio's underperformance was largely the result of negative performance on the stocks we acquired, especially jetBlue. Our best performer was an inherited stock, Deere & Co. (DE) which increased 51%.

ANALYSIS OF STOCKS SOLD

The 2006-2007 Student Investment Fund sold 13 stocks throughout the school year. When we first took control of the portfolios in late August, we sold AMD, INTC, and WMT. Because of the minimal gains of the previous investment fund and the way the portfolios were set up, we were able to save transaction costs by selling before September 1, when Davidson reset the portfolio value to \$50,000. We sold all of these stocks because they did not meet our small cap stock strategy. We sold AMD at \$25.05 and, as of April 25, 2007, its price had fallen to \$14.65. We sold INTC at \$19.73 which went up to \$22.26 as of April 25, 2007. Finally, we sold WMT at \$44.92 which has since gone up to \$48.81.

In September, our GTK shares were acquired for cash. By receiving cash, we avoided paying transaction costs on the sale of stock. In October, we sold Cryptologic (CRYP) and AMC. We sold Cryptologic following passage of a congressional bill banning online gambling in US funds. Forecasts suggested that the bill would result in a 50% decrease in Cryptologic's revenues and its stock price fell by about 20%. The market overreacted and Cryptologic's stock price has since rebounded. We sold CRYP for \$17.50 and now it is up to \$28.30 (April 25, 2007).

AMC, a REIT that purchases and originates loans, was a well timed sale by the SIF. We sold in late October because the stock was trading near a high and we believed that the commercial real estate market would cool down in a fashion similar to the residential housing market. We sold AMC for \$18.01 and it is now trading at \$9.20, in large part due to sub-prime lending fears. In November, we sold Conoco Phillips (COP) for \$64.05 because oil prices were softening and we wanted to purchase other assets. As of April 25, it is trading at \$70.80.

In February, the fund sold Usana, Inc. at a price of \$60.87, as the stock price exceeded our analyst's target price. The timing of the sale was good, as the stock price has since dropped to \$42.28. In March, we sold LCA-Vision and Fossil. We sold LCAV because we believed the stock was overvalued. It has since decreased from \$47.17 to \$43.29 in a time of a rising market. Fossil was a less timely sale. We sold about a week before an earnings announcement based on our belief that watch sales are declining. Fossil ended up having blowout earnings. Since our sale, Fossil's stock price has increased from \$23.00 to \$28.91.

Finally, we sold three stocks in the month of April: Northgate Minerals (NXG), Simulations Plus (SLP), and Pioneer Drilling Company (PDC). We sold NXG near a six-month high having regained much of our earlier losses. We sold it because we believed that gold would not rise significantly in the near future and there we wanted to focus on other growth opportunities. In the short time since we sold NXG, it has gone down from \$3.77 to \$3.67. The stock was extremely volatile and seemed to have significant downside potential. Simulations Plus rose significantly right after we purchased it and, based on a multiples valuation that put the stock price right at our purchase price, we chose to sell about a week later for a 50% gain. We sold it for \$12.31 and now it is at \$12.46. PDC is the most recent sale in our portfolio. Many of our fund managers were concerned about the stock because of lackluster natural gas prices and the fact that PDC has a lot of outdated equipment. We sold it on April 25, 2007, for \$13.93. The recent closing price was \$13.96. We believe that this will be a smart sale in the long term.

Throughout the semester, the fund did not have a well defined "sell strategy." Regardless, we generally did reasonably well at selling at the right times with the notable exceptions of Cryptologic and Fossil. Cryptologic was a hasty sale due to a change in US law adversely affecting the company. The fund did not do any significant research and mostly sold on fear that the 50% loss in revenues would be factored directly into the stock price. If cooler heads had prevailed, we could have realized significant recovery just a few days later. Fossil was a stock which already had some gains and the fund anticipated disappointing earnings. One week later, however, earnings drove the stock price up about 15%.

PRESENTATIONS TO PROFESSIONALS

In January 2001, the University of Utah Student Investment Fund made its first presentation to members of Utah's business and investment community. Dick Pratt, Chairman of Richard T. Pratt Associates, hosts what has become a biannual event. The presentations give the Student Fund Managers the opportunity to prepare and deliver stock market recommendations to a highly respected professional audience and to receive feedback on their work.

ADA-ES Inc.

On February 6, 2007, the group presented a recommendation to buy ADA-ES. The following professionals attended the presentation.

Teresa Beck	American Stores (retired)
Dave Broadbent	Ivory Homes
Mike Chidester	Tegra Healthcare Properties
Jake Garn	Summit Ventures
Sterling Jenson	Wells Fargo
Anne Lee	Fund Alumna
Lee McClure	Fund Alumnus
Rich Potashner	Merrill Lynch
Dick Pratt	Richard T. Pratt Associates
Ryan Prows	Ivory Homes
Don Rands	Zions Bank
Ryan Snow	Wasatch Advisors
Greg Thornton	D.A. Davidson
Bill Wirthlin	Associated Title/First American Title

ADA-ES, Inc. (ADA) is an energy technology company that sells chemicals, sorbents, and equipment to coal-fired power plants in the US. The company has two main products, mercury emission control (MEC) and refined coal, that reduce harmful emissions by coal-fired power plants. Both products have substantial growth opportunities that are driven almost entirely by state and federal legislation. Most of this legislation is pending, or has yet to take effect. ADA has been preparing to capture significant portions of both of these markets by developing and testing its technology, forming strategic partnerships, and raising cash through private equity placements. ADA also sells flue gas conditioning (FGC) chemicals, provides consulting services, and performs research and development for the department of energy (DOE).

The Student Investment Fund purchased ADA's stock (NASDAQ: ADES) on September 21, 2006, for \$11.29. The stock closed at \$14.99 per share on February 2, 2007. Our group is still bullish on this stock, and we believe it is undervalued for several reasons. First, we foresee rapid, near-term increase in demand for activated carbon (AC), the product ADA uses to reduce mercury emissions. The AC industry is 100 years old and has grown at approximately 4% per year over this time period. Demand for AC could double within the next five years as

mercury emission regulations begin taking effect. Second, the market may not be pricing one of ADA's primary growth prospects, refined coal, into the stock price. Third, the stock has liquidity problems. On average, less than 20,000 shares are traded per day, and this makes it a volatile and risky investment. Finally, most of ADA's growth depends on legislation, which can be difficult to predict. The market may be incorrectly assigning too much risk to this stock for this reason.

We have a BUY recommendation for ADA, and we have determined that the 2007 fair value is \$22.00 per share.

Aldila Inc.

On April 10, 2007, the group presented a recommendation to buy Alidila. The presentation concluded with a putting contest won by Associate Dean Bill Hesterly. The following professionals attended the presentation.

Fred Fairclough, Jr.	Bonneville Mortgage Co.
Jake Garn	Summit Ventures
Kris Liacopoulos	Fidelity Investments
Hal Milner	Kensington Company
Lee McClure	Fund Alumnus
Ruth Novak	Hercules Aerospace (retired)
Jean Perschon	Goldman Sachs Bank USA
Rich Potashner	Merrill Lynch
Don Rands	Zions Bank
Jon Shear	University of Utah Investments Office
Ramona Stromness	Richard T. Pratt Associates
Devin Thorpe	Thorpe Capital Group
Rex Thornton	D.A. Davidson
Jim Wheeler	D.A. Davidson

Aldila, Inc. is a leading manufacturer of graphite golf shafts whose products are assembled and marketed by major golf club companies, component distributors, and custom clubmakers. The Company was the first to offer shafts manufactured with carbon nanotubes, providing increased strength and consistency. Aldila is currently involved in a joint venture with Carbon Fiber Technology, LLC. This joint venture enables the Company to vertically integrate its manufacturing process and reduces the risk of price fluctuations in the carbon fiber market.

The Company operates in both the domestic and international golf equipment industry; major customers include Acushnet Company, Callaway, and Ping. Manufacturing plants are located in Tijuana, Mexico, and China. Aldila has also built a plant in Vietnam; this facility is expected to begin operations in 2007.

The Company offers hundreds of unique shafts that feature various combinations of

performance characteristics such as weight, flex, flex point, and torque. Along with OEM shafts, co-branded and branded models are sold to Aldila's customers. The Company's products consist of the NV, Value Series, Gamer Series, VS Proto, and Hybrid Series shafts. The VS Proto has quickly become one of Aldila's most popular shafts on Tour along with the NV models. The VS Proto is expected to gain increased traction in the coming year. The Company manufactures hockey sticks as well, although, at this time, sales are not a meaningful portion of its business.

Aldila faces competition from both graphite and steel shaft manufacturers. The golf equipment industry is highly competitive and golf shafts are generally seen as a homogeneous product. However, the majority of revenues are derived from core and avid golfers who place high importance on the performance characteristics of a golf shaft. Due to its technological expertise and reputation, Aldila is well placed against competitors.

The golf equipment is a mature industry with a high degree of competition. Due to these factors, a shakeout is expected to occur. The industry has been experiencing declining growth but appears to have begun to recover. Declining demand is coupled with excess supply to exacerbate the situation. However, with the retirement of baby boomers, companies have a new demographic on which to focus marketing strategies.

We conducted a DuPont analysis, a discounted cash flows analysis, and a sensitivity analysis to determine a one year target stock price. The discounted cash flows analysis yielded a value of \$19.24 per share which we believe is a conservative estimate. We issue a buy recommendation for Aldila, Inc. (NASDAQ: ALDA) at a price of approximately \$16.00 with a target stock price of \$19.00. We recommend a holding period of nine months to one year. As the Company is currently watched by only one analyst, we expect positive news to have a magnified effect on the stock price.

R.I.S.E. FORUM VII

The annual RISE Forum is a student investment conference held in Dayton, Ohio, sponsored by the University of Dayton. The 2007 conference was held from March 29 to March 31 and nine members of the Student Investment Fund attended the event. The Forum's stated mission is to bring leading students, faculty, and investment professionals together in an interactive learning environment to discuss issues facing today's and tomorrow's investment professionals.

March 29's program consisted of keynote speakers and panels that discussed various issues and answered questions. All of the speakers were internationally renowned industry experts and leaders. The panels focused on topics such as the economy, bond markets, the Federal Reserve Board, stock markets, corporate governance and real estate. March 30's program was composed of individual breakout sessions including sessions on private equity, real estate, portfolio management, financial accounting, and financial planning. Later that day, students attended a dinner at the nearby Wright-Patterson United States Air Force Museum. The keynote speaker was Reverend Jesse Jackson. March 31

offered only one session and its focus was on career strategies and academic program development. All the Student Investment Managers who attended the conference agreed that it was a wonderful and educational experience.

COMPANY SUMMARIES

AAR Corp. (AIR)

Portfolio:	Davidson and Milner		
Purchased:	October 14, 2004		
Purchase Price:	\$11.20		
Inherited Price:	\$21.63	Current Price:	\$30.46

AAR Corporation was inherited by this class. AAR Corp. supplies services and parts for aircraft. AAR provides parts and repairs and sells and leases aircraft and engines. In addition, the company makes and installs cargo systems. The US government is a significant client of AAR's. The stock has continued to perform well and provides us with some diversification.

ADA-ES (ADES)

Portfolio:	Davidson and Milner		
Purchased:	September 21, 2006		
Purchase Price:	\$11.30	Current Price:	\$19.00

ADA-ES, Inc. (ADA) is an energy technology company that sells chemicals, sorbents, and equipment to coal-fired power plants in the US. The company has two main products, mercury emission control (MEC) and refined coal, that reduce harmful emissions by coal-fired power plants. Both products have substantial growth opportunities that are driven almost entirely by state and federal legislation. Most of this legislation is pending, or has yet to take effect. ADA has been preparing to capture significant portions of both of these markets by developing and testing its technology, forming strategic partnerships, and raising cash through private equity placements. ADA also sells flue gas conditioning (FGC) chemicals, provides consulting services, and performs research and development for the department of energy (DOE). Our group is still bullish on this stock, and we believe it is undervalued because of a near-term increase in demand for activated carbon (AC), the product ADA uses to reduce mercury emissions. In addition, the market may not be pricing one of ADA's primary growth prospects, refined coal, into the stock price. Third, the stock has liquidity problems. On average, less than 20,000 shares are traded per day, and this makes it a volatile and risky investment. Finally, most of ADA's growth depends on legislation, which can be difficult to predict. The market may be incorrectly assigning too much risk to this stock for this reason. We have determined that the 2007 fair value is \$22.00 per share.

Aldila (ALDA)

Portfolio:	Davidson and Milner		
Purchased:	April 4, 2007		
Purchase Price:	\$15.93	Current Price:	\$16.48

Aldila, Inc. is a leading manufacturer of graphite golf shafts whose products are assembled and marketed by major golf club companies, component distributors, and custom clubmakers. The Company was the first to offer shafts manufactured with carbon nanotubes, providing increased strength and consistency. Aldila is currently involved in a joint venture with Carbon Fiber Technology, LLC. This joint venture enables the Company to vertically integrate its manufacturing process and reduces the risk of price fluctuations in the carbon fiber market. We conducted a DuPont analysis, a discounted cash flows analysis, and a sensitivity analysis to determine a one year target stock price. The discounted cash flows analysis yielded a value of \$19.24 per share which we believe is a conservative estimate. We have a target stock price of \$19.00. We recommend a holding period of nine months to one year. As the Company is currently watched by only one analyst, we expect positive news to have a magnified effect on the stock price.

American Mortgage Acceptance Company (AMC)

Portfolio:	School		
Purchased:	April 28, 2006	Sold:	October 21, 2006
Purchase Price:	\$14.22		
Inherited Price:	\$16.96	Sale Price:	\$18.01

Portfolio:	School		
Purchased:	March 16, 2007		
Purchase Price:	\$9.84	Current Price:	\$9.24

American Mortgage Acceptance Co. is a REIT that purchases and originates mortgages on multi-family houses, mezzanine real estate debt, bridge, standby, and forward commitment loans. AMC was sold in October because of concerns of a slowdown in the commercial real estate market. Although, the thesis was incorrect as commercial real estate spiked at the beginning of the year because of the EOP LBO, the decision was right as AMC lost close to 62% due to the write-down of five non-performing mezzanine loans. The fund bought back in to AMC with expectations of strong performance in the multifamily portion (70%) of AMC's portfolio due to increases in foreclosures nationwide. We also thought that there was short term overreaction to the sub-prime fallout. AMC currently hold no sub-prime loans. This company is also attractive because of their relationship with CharterMac, a much larger REIT and advisor to AMC. The current dividend yield on AMC is 10.3% although the dividend is expected to be cut slightly.

Cerner (CERN)

Portfolio:	Davidson and Milner		
Purchased:	February 10, 2006		
Purchase Price:	\$42.10		
Inherited Price:	\$46.14	Current Price:	\$55.09

Cerner Corporation was inherited by this class. Cerner Corp. designs, develops, installs and supports software information technology for healthcare organizations. Cerner's products allow doctors, nurses, and pharmacists, access to patients' medical records on the spot, as well as keeping the records organized for the specific needs of different physicians. Cerner's product support program offers consulting for databases, system configuration, project management, and post conversion reviews to help their clients better use their products. Cerner is located in 13 different countries. We believe that this stock gives the portfolio some diversity and exposure to a great industry.

ConocoPhillips (COP)

Portfolio:	School		
Purchased:	January 18, 2006	Sold:	November 22, 2006
Purchase Price:	\$62.73		
Inherited Price:	\$64.69	Sale Price:	\$64.05

ConocoPhillips is an integrated oil company. The company explores for new deposits, pumps oil, and processes, refines, and markets oil and gas products. ConocoPhillips operates in North and South America, Europe, and Asia. The stock was purchased by the previous fund management in the beginning of 2006. Given the increase in wealth in India and China, they expected oil prices to rise. Thus, they chose to buy a company with significant reserves. Refining capacity remains tight and so they believed an integrated oil company would be an attractive long term investment. After assuming responsibility for the portfolio, we decided that, due to the recent softening of oil prices, we wanted to purchase another higher growth company in place of ConocoPhillips.

Comcast (CMCSA)

Portfolio:	School		
Purchased:	January 17, 2007		
Purchase Price:	\$29.99	Current Price:	\$27.91

Comcast Corp. provides cable, internet, and telephony services in the US. It is the largest cable company in terms of number of subscribers in the US. The company has been growing rapidly and its financials are strong. With reasonable sustained growth in earnings, the stock price should appreciate significantly. The stock is priced attractively both as a multiple of forward EBITDA and relative to comparable transactions.

CryptoLogic (CRYP)

Portfolio:	Davidson and Milner		
Purchased:	February 16, 2006	Sold:	October 4, 2006
Purchase Price:	\$25.04		
Inherited Price:	\$25.99	Sale Price:	\$17.50

CryptoLogic, Inc., develops online gambling software. The company also provides electronic cash management. The company is based in Toronto. We initially invested in CryptoLogic because the online gambling market is growing rapidly. CryptoLogic is a strong competitor in this market. We sold the company after Congress passed a bill outlawing the use of US funds for on-line gambling. About half of CryptoLogic's revenues come from the US.

Cytc (CYTC)

Portfolio:	Davidson and Milner		
Purchased:	February 20, 2007		
Purchase Price:	\$30.50	Current Price:	\$35.08

Cytc Corporation designs, develops, and manufactures diagnostic and surgical instruments focusing mainly on the screening and treatment of cancer in women. Its products include cervical cancer screening instruments, breast cancer detection and treatment, and other women's health related products. Cytc's ThinPrep cervical cancer diagnostic system is the most widely used cancer screening system in the US and continues to grow in Europe, Asia, and other parts of the world.

The decision to invest in Cytc Corp. was based primarily upon an assumption that the stock was undervalued by the market. Other factors motivating investment would include the worldwide growth of the ThinPrep and MammoSite products, expectations of future acquisitions adding value to the company, and expectations on future long-term contracts with customers.

Deere (DE)

Portfolio:	School		
Purchased:	November 30, 2005		
Purchase Price:	\$69.27		
Inherited Price:	\$74.75	Current Price:	\$108.43

Deere & Co. was inherited by this class. Its performance has prompted us to keep it in the portfolio. Deere & Co. manufactures and distributes agricultural and commercial equipment worldwide. It operates in four segments: Agricultural Equipment, Commercial and Consumer Equipment, Construction and Forestry, and Credit. The Agricultural Equipment segment provides a line of farm equipment and related service parts,

including tractors and combines. The Commercial and Consumer Equipment segment manufactures equipment, products, and service parts for commercial and residential uses, including tractors for lawns and gardens, mowing equipment, and utility vehicles. The Construction and Forestry segment sells various machines and service parts used in construction, earthmoving, material handling, and timber harvesting. The Credit segment primarily finances sales and leases by dealers of new and used equipment. The company markets its products and services through independent retail dealer networks and retail outlets.

Fossil (FOSL)

Portfolio:	School		
Purchased:	October 19, 2005	Sold:	February 4, 2007
Purchase Price:	\$16.00		
Inherited Price:	\$18.94	Sale Price:	\$23.00

Fossil, Inc. designs and markets watches and other accessories. Fossil's products are carried by department stores and specialty retail outlets. Fossil sells products in North America, Europe, and Asia. When the fund purchased Fossil, the stock price had fallen recently and was low given earnings and expected growth. When we sold, we had realized a good return, but we forecast that the market for watches is likely to decline as people use PDAs, cell phones, and other devices to keep track of time.

Garmin (GRMN)

Portfolio:	Davidson and Milner		
Purchased:	March 8, 2007		
Purchase Price:	\$53.03	Current Price:	\$55.01

The class purchased Garmin this year as a long-term investment in the Davidson and Milner portfolios. Garmin's past performance is indicative of a company that has future growth potential. The past year, Garmin has increased in value from a low of \$40 (post-split) to its current price of 55.01.

Garmin, Ltd. and its subsidiaries engage in the design, manufacture, and marketing of navigation, communications, and information devices that are enabled by global positioning system (GPS) technology. The company operates in four segments: Automotive/Mobile, Outdoor/Fitness, Marine, and Aviation. Garmin's consumer products are available through various dealers and distributors.

Management has high expectations for 2007 mainly focusing on increasing the company's market dominance in the automotive market. The company has contracted with many manufacturers to provide GPS capabilities. The company also released information indicating that there is going to be an increased focus on its aviation market this year.

Greenhill & Co (GHL)

Portfolio:	School		
Purchased:	November 15, 2006		
Purchase Price:	\$69.73	Current Price:	\$64.20

Greenhill & Co. provides financial advisory services and offers several merchant banking funds. Its advisory services focus on M&A and restructuring. The company operates in several US locations, Europe, and Canada. We purchased this stock because we have very little exposure to the financial sector. Greenhill has a solid management team and was founded by the former president of Morgan Stanley. The mix of M&A and restructuring advising services is attractive, as the two lines of business tend to peak at different times. There is a trend toward firms seeking independent advisors, and we believe that Greenhill will benefit from this trend. In addition, it also offers several merchant banking funds. The stock has suffered recently, because acquirers are looking to investment banks that also provide financing. We believe that Greenhill will succeed in the long run because of its diversified revenues and solid management.

Harris and Harris Group (TINY)

Portfolio:	Davidson and Milner		
Purchased:	February 16, 2005		
Purchase Price:	\$14.08		
Inherited Price:	\$9.93	Current Price:	\$14.10

Harris and Harris is a publicly traded venture fund that invests in “tiny” technologies including nanotechnology, microsystems, and microelectromechanical systems (MEMS). The company operates as a Business Development Company (BDC) under the Investment Company Act of 1940. The Company makes later round investments in small and start up private tiny tech companies. Its investment portfolio consists of 27 companies including Chlorogen, Nanosys, and Optiva Incorporated. Our class inherited 150 shares at \$9.93 per share. This was down from \$14.08 on the purchase date in 2005. The current managers believed that TINY still had significant upside potential, and has seen the stock price return to previous levels.

Icon PLC (ICLR)

Portfolio:	Davidson and Milner		
Purchased:	February 3, 2005		
Purchase Price:	\$16.97 (split-adjusted)		
Inherited Price:	\$34.40	Current Price:	\$43.51

Icon PLC is a contract research organization offering outsourced clinical trial services to the pharmaceutical, medical devices, and biotechnology industries. Headquartered in Dublin, Ireland, Icon provides services covering the entire spectrum of product trials and

introduction ranging from drug compound selection through phase IV of the clinical drug trial series and FDA or comparable governmental approval. The company has seen remarkable growth over the past few years and is currently pursuing entrance into the Japanese pharmaceutical industry.

We inherited this stock from the previous fund managers at a split-adjusted price of around \$34.40. We decided to hold the stock based on Icon's strong market position and historical performance, new research facilities which opened near the beginning of our holding period, and greatly increased capacity and service offerings, and growth potential in the Japanese and other foreign markets.

Interactive Intelligence (ININ)

Portfolio:	Davidson and Milner		
Purchased:	November 1, 2006		
Purchase Price:	\$16.90	Current Price:	\$15.07

Interactive Intelligence, Inc. provides communication software to businesses to integrate customer service over telephone, fax, and internet. The software runs with software from major business application programs and allows companies to use Voice over IP technology, thereby lowering costs. The company offers a product that improves performance and lowers the cost for companies with significant customer interaction. We believe this market will grow significantly and the market has not fully priced the growth opportunities.

iShares Russell 2000 Growth (IWO)

Portfolio:	Davidson and Milner		
Purchased:	December 8, 2004		
Purchase Price:	\$65.23		
Inherited Price:	\$71.42	Current Price:	\$84.17

IVE is an exchange traded fund of Russell growth stocks. The 2004-2005 managers purchased the ETF when they were holding more cash than they wanted to increase their exposure to the market. The Russell indexes most closely match our current objectives. We would have sold it had we found an alternative we wished to hold, but rather than face additional transaction costs, we decided to maintain our position.

iShares S&P 500 Value Index (IVE)

Portfolio:	Milner		
Purchased:	March 14, 2007		
Purchase Price:	\$75.49	Current Price:	\$80.83

IVE is an exchange traded fund of S&P 500 value stocks. The proportion of cash in the Milner portfolio exceeded the proportion of cash in the Davidson portfolio. To keep the relative weighting and performance of the two portfolios equal, we needed to find place for the excess cash. IVE balances the cash in the two portfolios and gives us exposure to the market without creating an advantage for either portfolio. After steadily rising for most of the year, the market lost about 4% over two weeks. It was at that time that we decided to purchase IVE.

LCA-Vision (LCAV)

Portfolio:	Davidson and Milner	Sold:	February 14, 2007
Purchased:	October 25, 2006	Sale Price:	\$47.17
Purchase Price:	\$34.76		

LCA-Vision, Inc. provides fixed-site laser vision correction services at its LasikPlus vision centers. Its vision centers provide staff, facilities, equipment, and support services that employ laser technologies to correct nearsightedness, farsightedness, and astigmatism. In 2006, LCAV saw significant decreases in its stock price primarily due to shakeups in management. The fund believed that the market had overreacted to these shakeups and on October 25, 2006, purchased 100 shares at \$34.76 per share. The stock price rose gradually over the next few months and we sold in February when the price soared above our target price of \$42 per share. On February 14, 2007, we sold LCAV for \$47.17 per share, providing a net profit of \$1,031.

Liberty Property Trust (LRY)

Portfolio:	Davidson and Milner	
Purchased:	April 25, 2007	
Purchase Price:	\$49.19	Current Price: \$49.52

Liberty Property Trust is a REIT primarily based in the US with some property in the UK. Its holdings are in warehouses and office buildings. We bought Liberty because we were looking for a place to park our money over the summer and Liberty offers stable income.

Luxottica Group (LUX)

Portfolio:	School	
Purchased:	February 14, 2007	
Purchase Price:	\$31.65	Current Price: \$33.23

Luxottica Group, SpA. supplies prescription glasses, sunglasses, and frames worldwide, targeting the mid-price and premium markets. The company has licensing agreements with many well known clothing and fashion names. In the US, the company has a variety of retail outlets including LensCrafters, Pearle Vision and Sunglass Hut. The company is

based in Milan and distributes products in 130 countries. We bought Luxottica because the company has a strong market position, strong growth, and provides international exposure.

Materials Technology (MTX)

Portfolio:	School	
Purchased:	November 16, 2005	
Purchase Price:	\$55.91	
Inherited Price:	\$51.51	Current Price: \$66.29

Materials Technology was purchased by the by the 2005 Student Investment Fund managers. The firm produces and markets specialty synthetic products through its mineral and refectories divisions. The mineral division produces precipitated calcium carbonate (PCC) which is used to whiten various products. The division's main operations are the installation and management of satellite PCC plants at partnering paper plants. The refectories division produces various products used in the steel industry.

MTX's operations are susceptible to underlying weakness in certain primary industries. The industries the firm's performance is most tied too are paper and steel (construction, automotive, and infrastructure). There has been a general softening in these industries and MTX has suffered loses at certain satellite PCC plants from the closure of some North American paper mills and machines. This weakness was counterbalanced by international growth, such as the opening of two satellite PCC factories in China and the purchase of a refectory in Turkey, and an increase in volume at existing North American satellite PCC plants. During our investment horizon MTX reported numbers inline or slightly above expectations and consistently reported that international growth was counterbalancing any softening in domestic demand.

Our class maintained the investment because MTX offered exposure to the basic materials sector and the possibility of steady price appreciation. The total holding period return is 12.75% to date.

Microsoft (MSFT)

Portfolio:	School	
Purchased:	March 15, 2004	
Purchase Price:	\$25.23	
Inherited Price:	\$25.84	Current Price: \$28.71

Microsoft develops, manufactures, licenses and supports a variety of software products for computing devices. The Company's products include operating systems for servers, personal computers, and intelligent devices; server applications for distributed computing environments; information worker productivity applications; business solution applications; computing applications, and software development tools. In April 2006, Microsoft Game Studios purchased United Kingdom-based Lionhead Studios. In July

2006, it acquired Softricity Inc., Winternals Software LP, and Whale Communications Ltd. In October 2006, the Company acquired Colloquis Inc. In 2007, Microsoft released its new Windows Vista operating system, which is one of the “most significant” product launches in Microsoft’s 32-year history. Sales and earnings are expected to increase as demand for the new product increases. We decided to hold the stock because of its excellent business strategy and its brand recognition, which will allow the company to maintain and expand its dominant position in the application software industry.

Northgate Minerals (NXG)

Portfolio:	Davidson and Milner	Sold:	April 19, 2007
Purchased:	April 26, 2006		
Purchase Price:	\$4.01		
Inherited Price:	\$3.56	Sale Price:	\$3.77

Northgate Minerals (NXG) is a Canadian company that explores and mines for gold and copper. It is a volatile, small cap company (about 900M market cap) that was purchased by the previous investment fund near its high at \$4.01. Our assumed cost basis is closer to \$3.50. Over the course of one year, the stock has been as high as \$4.82 and as low as \$2.62. Northgate’s stock price is highly correlated to the prices of gold and copper. Northgate had a disappointing fourth quarter (ending March 2007) led by lower metal sales and a significant tax charge. UBS upgraded the stock in March and downgraded by Orion in April. We sold the stock on April 19 after it had exceeded the price at which we inherited it.

Occidental Petroleum (OXY)

Portfolio:	Davidson and Milner	
Purchased:	January 30, 2006	
Purchase Price:	\$47.15 (split-adjusted)	
Inherited Price:	\$52.54	Current Price: \$51.71

Occidental Petroleum was purchased by last year’s class on January 30, 2006, at a split adjusted price of \$47.15 per share. When our class took over the portfolio we were primarily bullish on oil. The world economy’s demand for oil was expected to be strong as growth in India and China and other emerging economies needed energy to grow. There was a slight scare on January 18 when oil dipped to as low as \$49.90, but oil prices soon rebounded and we are confident that oil will rise as the summer nears. Specifically, OXY has shown healthy growth both internally and externally through acquisition of small oil and gas companies. OXY is currently producing oil and gas in 10 countries.

Pioneer Drilling Company (PDC)

Portfolio: Davidson and Milner
Purchased: November 2, 2005
Purchase Price: \$17.65
Inherited Price: \$13.95 **Current Price:** \$13.80

Pioneer Drilling Company provides equipment and workers for land-based oil and gas drilling in Oklahoma, Texas, and the Rocky Mountain areas. The prior class bought it based on the thesis that energy demand had been strong and prices had been high, resulting in strong demand for new exploration. PDC's equipment had a strong utilization rate, and the company had been shifting to contracts that place more risk on its clients. Natural gas prices fell significantly after our purchase, depressing PDC's price.

Seagate Technology (STX)

Portfolio: School
Purchased: November 3, 2005
Purchase Price: \$15.54
Inherited Price: \$21.17 **Current Price:** \$21.58

Seagate Technology designs, manufactures, and sells hard disk drives. It produces disk drives for OEMs in personal computers, mainframes, and servers, as well as for electronic consumer products such as console game systems. There is still tremendous demand for data storage devices. The popularity of new flash drives has caused the price of Seagate to fall on the expectation that hard disk drives will decrease in popularity. However, Seagate's drives are still included in many products.

Simulations Plus (SLP)

Portfolio: Davidson and Milner
Purchased: March 14, 2007 **Sold:** April 20, 2007
Purchase Price: \$8.85 **Sale Price:** \$12.3108

Simulations Plus produces and licenses software to model the actions of potential new drugs. The proprietary models focus on absorption, excretion, and toxicity. When we bought the stock, the company had recently launched a new product that looks very promising. We sold a week later when the price had appreciated dramatically and the valuation did not appear attractive any longer.

Starbucks (SBUX)

Portfolio: Davidson and Milner
Purchased: April 25, 2007
Purchase Price: \$31.76 **Current Price:** \$31.66

Starbucks sells coffee and related products worldwide. Starbucks continues to exhibit strong growth. While saturation seems a potential problem, many states in the US still have very modest coverage, and Starbucks is growing abroad. The recent downturn in the stock price seemed to present a good buying opportunity.

Tetra Technologies Inc. (TTI)

Portfolio: School
Purchased: November 22, 2006
Purchase Price: \$24.56 **Current Price:** \$26.40

Tetra Technologies operates in the gas and oil industry. They have three main divisions: Fluids, Well Abandonment and Decommissioning, and Production Enhancement. The fluids department manufactures and sells fluids and additives needed in the production, drilling and completion of oil and gas. They also sell various fluids and dry calcium chloride to domestic and international markets outside the oil industry. The abandonment and decommissioning provide the services needed for depleted oil and gas wells as well as the decommissioning of equipment. The production enhancement provides testing around the Gulf of Mexico. The fund bought the stock because energy markets are likely to remain strong and the lower volatility of cash flows due to being involved in the chemical and oil services.

Tsakos Energy Navigation (TNP)

Portfolio: Davidson and Milner
Purchased: November 15, 2006
Purchase Price: \$44.85 **Current Price:** \$53.57

Tsakos Energy Navigation Ltd. transports petroleum products by tanker. TNP is poised to appreciate as they have a completely double-hulled fleet with about half of which are able to operate in icy water. "Ice class" tankers can charge a premium. As international rules mandate a phasing out of single-hull vessels by 2010, TNP will be able to capitalize on a reduction of about 37% of the world's tankers (all single hull) allowing them to recognize increases in charter rates. Also in the near term, as tanker oversupply is expected in 2007 and 2008, TNP has already hedged against fluctuations in charter rates as TNP has contracted a significant portion of its inventory through 2008. As of recent, TNP has also been exploring external growth opportunities as OMI announced that it has been put up

for sale. Concerns do include the high debt load (60%), but TNP expects this leverage to be at 40% by the end of 2008. The constant demand for oil to fuel world growth along with reductions in easy access ports in previous years redirecting supply to more northern regions continue to make TNP attractive both for its potential price appreciation and for its dividend yield.

Usana (USNA)

Portfolio:	Davidson and Milner	
Purchased:	January 26, 2006	Sold: February 14, 2007
Purchase Price:	\$39.60	
Inherited Price:	\$44.93	Sale Price: \$60.87

Usana, Inc. manufactures and develops products to meet consumers' nutritional, personal care, and weight management needs. Usana specializes in high margin beauty products. The company is expanding abroad. The class found the company's plans for Asia particularly appealing. We sold the company when its stock price exceeded our analyst's target price.

Westinghouse Air Brake Technologies (WAB)

Portfolio:	Davidson and Milner	
Purchased:	November 8, 2006	
Purchase Price:	\$31.48	Current Price: \$36.40

Westinghouse Air Brake Technologies Corp. produces, sells, and services parts for railroad cars both domestically and internationally. The company has good market share and a broad international market. It serves both the freight and light rail markets. The company has had solid growth.

PERFORMANCE UPDATE: AUGUST 10, 2007

Davidson and Milner portfolios

Many of our holdings are very volatile. As of the initial report, on April 20, 2007, Harris & Harris (TINY) was the best performer of the inherited stocks, returning 42%. The worst performing acquired stock was Interactive Intelligence, Inc. (ININ) which returned -9%. ADA-ES (ADES) was our best performer with a 70% return. However, by August 10, 2007, ININ closed at \$18.56 per share and ADES closed at \$12.21, resulting in gross returns of 9% and 8%, respectively. Garmin closed at \$99.57 per share, for a gross return of 88% and TINY's gross return had fallen to 14%.

We made several trades after the date of our report. On April 25, we acquired 200 shares of Starbucks (SBUX) and 100 shares of Liberty Property Trust (LRY). Neither purchase

has performed well. On July 30, 2007, we sold our investment in Tsakos for \$71.91 per share, resulting in a gross return of 64%, after dividends.

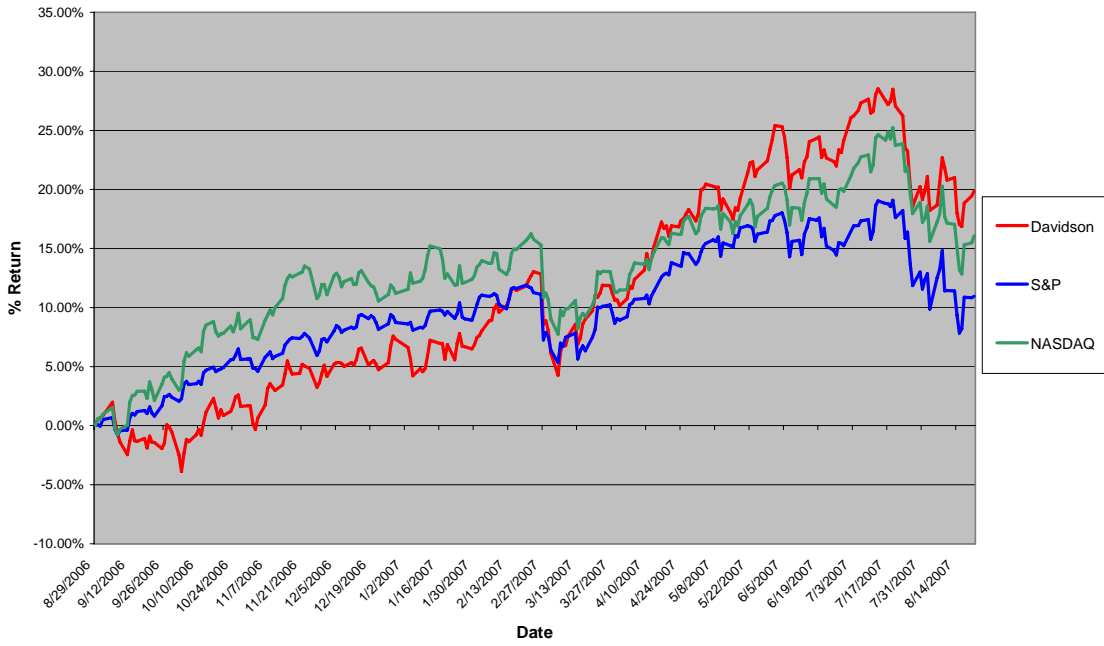
Davidson & Milner Portfolios

Ticker	Shares	Date Acquired	Initial Price	Date Sold or Valued	Final Price	Dividend	Gross Return
Inherited Stocks							
AIR	400	29-Aug-06	21.63	10-Aug-07	32.95	0.00	52.34%
GTK	400	29-Aug-06	35.00	30-Sep-06	35.00	0.00	0.00%
IWO	250	29-Aug-06	71.42	10-Aug-07	83.03	0.15	16.47%
ICLR*	300	29-Aug-06	34.40	10-Aug-07	44.06	0.00	28.08%
TINY	150	29-Aug-06	9.93	10-Aug-07	11.35	0.00	14.30%
PDC	400	29-Aug-06	13.95	20-Apr-07	13.80	0.00	-1.08%
USNA	150	29-Aug-06	44.93	14-Feb-07	60.87	0.00	35.48%
OXY*	120	29-Aug-06	52.54	10-Aug-07	55.64	0.88	7.58%
CERN	100	29-Aug-06	46.14	10-Aug-07	58.40	0.00	26.57%
INTC	200	29-Aug-06	19.68	31-Aug-06	19.73	0.00	0.25%
WMT	100	29-Aug-06	44.49	31-Aug-06	44.92	0.00	0.97%
CRYP	230	29-Aug-06	25.99	4-Oct-06	17.50	0.12	-32.20%
AMD	100	29-Aug-06	24.40	31-Aug-06	25.05	0.00	2.66%
NXG	2500	29-Aug-06	3.56	19-Apr-07	3.77	0.00	5.90%
Acquired Stocks							
ADES	500	21-Sep-06	11.30	10-Aug-07	12.21	0.00	8.09%
LCAV	180	25-Oct-06	34.76	13-Feb-07	47.17	0.18	36.21%
ININ	180	1-Nov-06	16.90	10-Aug-07	18.56	0.00	9.83%
WAB	100	8-Nov-06	31.48	10-Aug-07	39.98	0.03	27.10%
TNP	155	15-Nov-06	44.85	30-Jul-07	71.91	1.50	63.68%
CYTC	145	20-Feb-07	30.50	10-Aug-07	41.47	0.00	35.97%
GRMN	120	8-Mar-07	53.03	10-Aug-07	99.57	0.00	87.76%
IVE	75	14-Mar-07	75.49	10-Aug-07	80.83	0.00	7.07%
SLP	200	14-Mar-07	8.85	20-Apr-07	12.31	0.00	39.11%
ALDA	250	25-Apr-07	15.93	10-Aug-07	14.86	0.00	-6.72%
SBUX	200	25-Apr-07	31.76	10-Aug-07	28.04	0.00	-11.71%
LRY	100	25-Apr-07	49.19	10-Aug-07	35.45	0.01	-27.91%

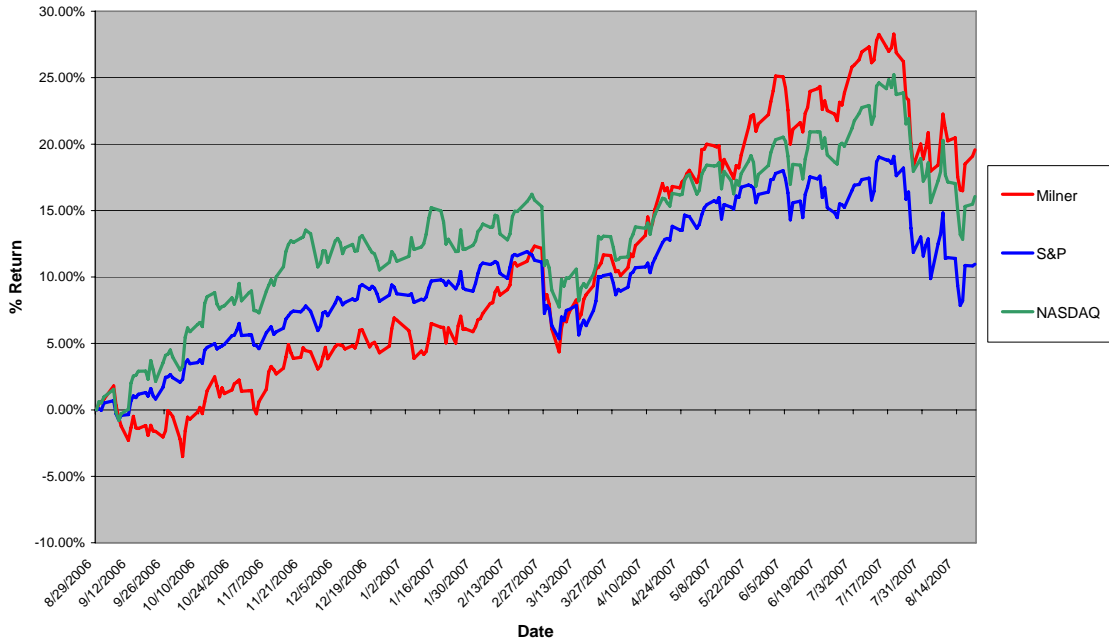
* split adjusted

Overall, the performance in the Davidson and Milner portfolios remained strong relative to both the S&P and NASDAQ indexes. We anticipate receiving donations of over \$7,000 as a result of our performance. As of August 10, 2007, both the Davidson and Milner portfolios had gained over 20% (after transaction costs) over the time we managed the portfolio, while the S&P and NASDAQ indexes had gained 11% and 17%, respectively.

**Portfolio Return v. S&P and Nasdaq
2006 - 2007**



**Portfolio Return v. S&P and Nasdaq
2006 - 2007**



School Portfolio

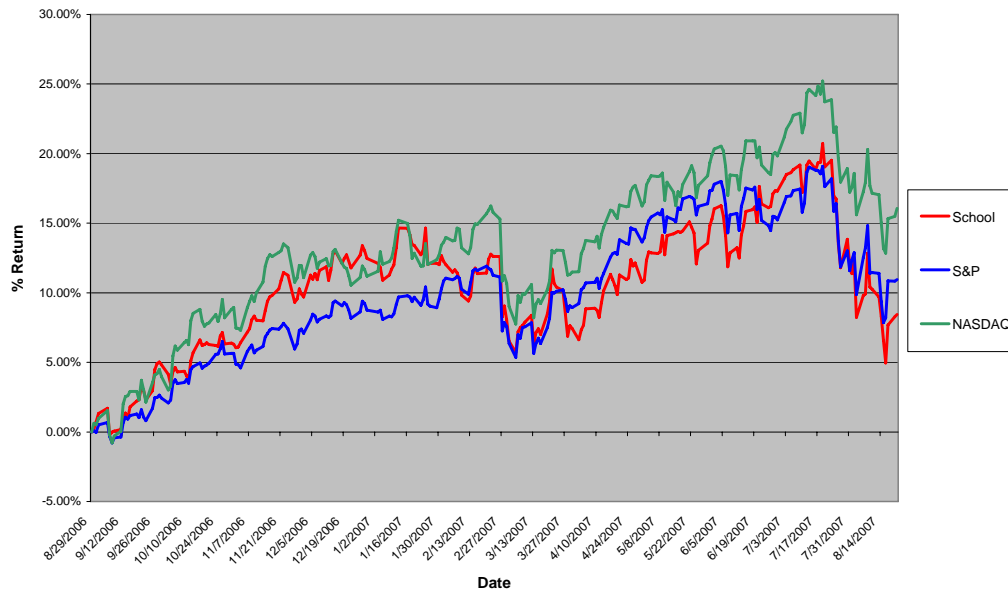
Between August 29, 2006, and August 10, 2007, the school portfolio gained 10%. The acquired stocks in the school portfolio have generally performed poorly over the summer.

School Portfolio

Ticker	Shares	Date Acquired	Initial Price	Date Sold or Valued	Final Price	Dividend	Gross Return
Inherited Stocks							
MSFT	200	29-Aug-06	25.84	10-Aug-07	28.71	0.30	12.27%
AMC	300	29-Aug-06	16.96	21-Oct-06	18.01	0.40	8.55%
FOSL	200	29-Aug-06	18.94	14-Feb-07	23.00	0.00	21.44%
STX	100	29-Aug-06	21.17	10-Aug-07	23.85	0.40	14.55%
MTX	50	29-Aug-06	51.51	10-Aug-07	68.59	0.20	33.55%
DE	35	29-Aug-06	74.75	20-Apr-07	117.30	1.71	59.21%
COP	62	29-Aug-06	64.69	22-Nov-06	64.05	0.36	-0.43%
Acquired Stocks							
AMC	200	16-Mar-07	9.84	10-Aug-07	9.10	0.45	-2.94%
GHL	35	15-Nov-06	69.73	10-Aug-07	56.20	0.69	-18.41%
TTI	100	22-Nov-06	24.56	10-Aug-07	21.23	0.00	-13.56%
JBLU	100	29-Nov-06	13.61	10-Aug-07	11.00	0.00	-19.18%
CMCSA*	150	17-Jan-07	29.99	10-Aug-07	25.44	0.00	-15.18%
LUX	150	14-Feb-07	31.65	10-Aug-07	35.71	0.56	14.60%

* split adjusted

Portfolio Return v. S&P and Nasdaq
2006 - 2007



SPEAKERS

Anne Lee and Lee McClure

August 29, 2006

Fund Alumni

Topic: History and Advice

Ryan Snow

September 5, 2006

Portfolio Manager, Wasatch Advisors

Topic: Evaluating Stocks

Darren Shaw, Managing Director

October 3, 2006

D.A. Davidson & Co.

Topic: Understanding the Market

Hal Milner

April 17, 2007

Kensington Corp.

Topic: Ethics and Life Lessons

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We would also like to thank those who provided financial support for the 2006-2007 Student Investment Fund.

- David Eccles School of Business
- D. A. Davidson & Co.
- Hal Milner

STUDENT ANALYSTS

MSFT analyst	Hanh Chau
AMC analyst	Ray Phillips
FOSL analyst	Stephen Jeffries
STX analyst	Michael Thornton
MTX analyst	Erik Krusch
DE analyst	Chris Birk
COP analyst	Jeff Kyle
AIR analyst	Jake Randall
IWO analyst	Kristi Tompkins
ICLR analyst	Jeremy Timm
TINY analyst	Aaron Swenson
PDC analyst	Jaclyn Johnson Fuller
USNA analyst	Neel Limaye
OXY analyst	Dylan Durham
CERN analyst	Adam Nelson
CRYP analyst	B. Jay Flynn
NXG analyst	Tom Hardy
ADES analyst	Dylan Durham
ININ analyst	Jake Randall
WAB analyst	Kristi Tompkins
TNP analyst	Ray Phillips
CYTC analyst	Jeremy Timm
GRMN analyst	Chris Birk
SLP analyst	B. Jay Flynn and Jake Randall
GHL analyst	Jeff Kyle
TTI analyst	Adam Nelson
JBLU analyst	B. Jay Flynn
CMCSA analyst	Dylan Durham
LUX analyst	Stephen Jeffries
AMC analyst	Ray Phillips
ALDA analyst	Michael Thornton
IVE analyst	Jeff Kyle

BYLAWS

1. Purpose

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

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

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

2. Types of Investments

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

3. Annual Report

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

4. Annual Audit

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

5. Support for the Fund

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

6. Faculty Advisor

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

DESB on request. The Advisor is responsible for supervising the students in preparing an annual report of the Fund's activities.

7. Investment Decisions

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

8. Distribution of Funds

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

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

9. Amendments

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

10. Dissolution

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

Approved October 26, 1999
Amended September 25, 2000