Todd A. Williams Student Managed Investment Fund

2007 Mid-Year Report

December 31, 2007

Austin College 900 North Grand Avenue Sherman, Texas 75090 1-800-KANGAROO www.austincollege.edu

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Letter to the Stakeholders

What a year to launch an investment fund? With the rise of global equity over the past 10 years, the inertia of lax lending policies continues to release its uncertainty. Compounded with a slowdown in United States economic growth, it appears our entry may be rather untimely. However, these conditions placed a needed sense of reality in our investment philosophy. Rather than allow these market conditions to hamper our efforts, we have outperformed the S&P 500 with an annualized return of 7.8% (2.6% adjusted for the holding period).

Growing Pains

Building a program from scratch presented itself as a welcomed challenge. Working from precedent remained out of the question for the inaugural group of six student managers. Initially, we took small positions with rather cursory analysis. After a productive meeting with our Alumni Advisory Board in November 2007, adjustments to our investment philosophy became clearer. The Alumni Advisory Board continues to provide invaluable insight and guidance as we refine our approach and methodology.

The salient premise of this fund remains a learning vehicle. Woven with disciplined analysis, our philosophy now embodies a thorough understanding of the business model and industry fundamentals. This approach is coupled with applying real-time scrutiny to the increasingly complicated global economy to present a more educated analysis of potential investments to the voting members of the Fund. As we enter the next semester, the lessons from this meeting will further unfold.

We continue to wrestle with the swings of the economy, but day by day we accrue an increasing knowledge of the stock market. With each stock presentation, members gain a deeper understanding of the different sectors within the S&P 500. All of us now have a stronger ability to discuss the risks and returns of an investment, not limited to our own sectors. The opportunity to analyze a stock transaction with great scrutiny has instilled a sense of responsibility and accountability unwarranted in the classroom.

To increase participation in future years, changes have been made to the Austin College Course Catalogue to streamline the course sequence, which will allow for greater involvement. The fruits of these changes should be evident in the following years.

Lastly, we would like to thank Todd Williams, Zeke Ashton, Kirk Rimer, and Charlie Dix for their generous time and patience. We are indebted to them for their mentoring and stewardship.

Respectfully submitted,

Will Radke

Co-Chair, Student Manager, Williams Student Investment Fund

Management and Membership

Student Managers

Top Row: Nicolas Dahlberg, Matthew Holzgrafe

Middle Row: Steve Ramsey (Advisor), Will Radke, Geoffrey Wescott

Bottom Row: Julia Pfeffer, Brittany Causey

Faculty Advisors

Steve Ramsey, Principal Advisor
Jerry Johnson, Dean of the Social Sciences
Kevin Simmons, Department Chair

Austin College Administration

Oscar C. Page, President
Michael Imhoff, Vice President for Academic Affairs
Jim Lewis, Vice President for Institutional Advancement

Alumni Advisory Board

Zeke Ashton '95
Founder
Centaur Capital Partners

Todd A. Williams '82
Partner and Managing Director
Goldman, Sachs & Co.

Kirk Rimer
Managing Director
Goldman, Sachs & Co.

The Fund and Austin College

About the Fund

In August 2007, Todd A. Williams endowed Austin College the sum of $1,000,000 for the establishment of a student investment fund, now named the Todd A. Williams Student Managed Investment Fund (SIF or Fund). The primary purpose of this endowment is to provide a learning experience for students in investment portfolio management. As of December 31, 2007, the Fund was valued at $1,026,081. Each year, student directors will participate in the management of the Fund. Students who are interested in investing but do not desire a board member position are welcome to participate in SIF meetings. For guidance, a fund guideline document (see "Fund Guidelines") was created by Austin College alumni advisors to provide direction as to how the money should be handled by the SIF. The document emphasizes the importance of allowing the student managers the opportunity to make financial and managerial decisions regarding the corpus and operation of fund management. The Fund, operating within this framework established by professional portfolio managers, has an objective of generating an eight percent annual return (based on a three year rolling average). The gains and earnings from the Fund are to be withdrawn and contributed to a scholarship fund, also created by Todd A. Williams.

About Austin College

Austin College is a leading national independent liberal arts college located in Sherman, Texas, approximately 30 minutes north of the greater Dallas metroplex. Founded in 1849, making it the oldest institution of higher education in Texas operating under original charter and name, the college is related by covenant to the Presbyterian Church (USA). Recognized nationally for academic excellence in the areas of international education, pre-professional training, and leadership studies, Austin College is one of 40 schools profiled in Loren Pope's influential book *Colleges that Change Lives*.

Sandra J. Williams Founders Plaza

Summary of Positions

Performance by Sector

Sector and Company		Purchase Date	Purchase Price	Number of Shares	Price at Dec 31, 07	Value at Purchase	Dividends Paid	Value at Dec 31, 07	Weighted Percent Change	Total Weight
Student Managed Equity										
Technology						**$29,916.60**	**$0.00**	**$32,394.95**	**8.28%**	**3.16%**
AAPL	Apple Inc.	Sep 19, 2007	$142.29	70	$198.08	$9,960.30	$0.00	$13,865.60	39.21%	1.35%
CSCO	Cisco Systems Inc.	Oct 10, 2007	$33.36	225	$27.07	$7,506.00	$0.00	$6,090.75	-18.85%	0.59%
ORCL	Oracle Corp.	Nov 7, 2007	$22.59	330	$22.58	$7,454.70	$0.00	$7,451.40	-0.04%	0.73%
AT&T	AT&T Inc.	Oct 24, 2007	$41.63	120	$41.56	$4,995.60	$0.00	$4,987.20	-0.17%	0.49%
Materials						**$0.00**	**$0.00**	**$0.00**	**0.00%**	**0.00%**
Health Care						**$2,444.66**	**$0.00**	**$2,719.63**	**11.25%**	**0.27%**
WLP	Wellpoint Inc.	Nov 7, 2007	$78.86	31	$87.73	$2,444.66	$0.00	$2,719.63	11.25%	0.27%
Consumer Discretionary						**$22,464.85**	**$0.00**	**$19,793.38**	**-11.89%**	**1.93%**
SBUX	Starbucks Corp.	Sep 19, 2007	$27.94	268	$20.47	$7,487.92	$0.00	$5,485.96	-26.74%	0.53%
AMZN	Amazon.com Inc.	Oct 10, 2007	$95.31	105	$92.64	$10,007.55	$0.00	$9,727.20	-2.80%	0.95%
EBAY	Ebay Inc.	Oct 24, 2007	$36.01	138	$33.19	4969.38	$0.00	$4,580.22	-7.83%	0.45%
Consumer Staples						**$4,969.29**	**$24.85**	**$5,212.82**	**4.59%**	**0.51%**
PG	Proctor & Gamble Co.	Sep 25, 2007	$69.99	71	$73.42	$4,969.29	$24.85	$5,212.82	4.59%	0.51%
Energy						**$9,942.31**	**$11.34**	**$9,400.05**	**-5.45%**	**0.92%**
SLB	Schlumberger Ltd.	Sep 19, 2007	$105.35	47	$98.37	$4,951.45	$0.00	$4,623.39	-6.63%	0.45%
HAL	Halliburton Co.	Oct 10, 2007	$39.61	126	$37.91	$4,990.86	$11.34	$4,776.66	-4.29%	0.47%
Utilities						**$0.00**	**$0.00**	**$0.00**	**0.00%**	**0.00%**
Financials						**$14,949.17**	**$77.89**	**$14,068.31**	**-5.89%**	**1.37%**
GS	Goldman Sachs Group Inc.	Sep 26, 2007	$212.59	47	$215.05	$9,991.73	$16.45	$10,107.35	1.16%	0.99%
BAC	Bank of America Corp.	Sep 19, 2007	$51.64	96	$41.26	$4,957.44	$61.44	$3,960.96	-20.10%	0.39%

Sector and Company		Purchase Date	Purchase Price	Number of Shares	Price at Dec 31, 07	Value at Purchase	Dividends Paid	Value at Dec 31, 07	Weighted Percent Change	Total Weight
Industrials						**$7,464.94**	**$24.85**	**$6,209.66**	**-16.98%**	**0.61%**
BA	Boeing Company	Sep 26, 2007	$105.14	71	$87.46	$7,464.94	$24.85	$6,209.66	-16.98%	0.61%
						Total Student Managed Equity	**$138.93**	**$89,798.80**	**-2.40%**	**8.77%**

Remaining Equity

Sector and Company		Purchase Date	Purchase Price	Number of Shares	Price at Dec 31, 07	Value at Purchase	Dividends Paid	Value at Dec 31, 07	Weighted Percent Change	Total Weight
Exchange-Traded Funds (ETFs) - International Equities						**$199,833.17**	**$0.00**	**$209,695.78**	**4.94%**	**20.44%**
EPP	iShares Japan Index Fund	Aug 28, 2007	$13.73	2184	$13.29	$29,986.32	$0.00	$29,025.36	-3.20%	2.83%
EWJ	iShares Pacific Exempt Fund	Aug 28, 2007	$141.46	212	$154.28	$29,989.52	$0.00	$32,707.36	9.06%	3.19%
EEM	iShares Emerging Markets Fund	Aug 28, 2007	$127.45	156	$150.30	$19,882.20	$0.00	$23,446.80	17.93%	2.29%
IEV	iShares S&P Euro Plus Fund	Aug 28, 2007	$110.17	1089	$114.34	$119,975.13	$0.00	$124,516.26	3.79%	12.14%
Exchange-Traded Funds (ETFs) - Bonds and Fixed Income						**$299,904.84**	**$5,022.37**	**$304,724.04**	**1.61%**	**29.70%**
AGG	iShares Aggregate Bond Fund	Aug 28, 2007	$99.57	3012	$101.17	$299,904.84	$5,022.37	$304,724.04	1.61%	29.70%
Exchange-Traded Funds (ETFs) - Domestic Equities						**$418,071.08**	**$2,228.54**	**$421,862.78**	**0.91%**	**41.11%**
IVV	iShares S&P 500 Index Fund	Aug 28, 2007	$145.40	2187	$146.74	$317,989.80	$1,772.15	$320,920.38	0.92%	31.28%
IVV	iShares Russell 3000 Fund	Aug 28, 2007	$83.68	1196	$84.40	$100,081.28	$465.39	$100,942.40	0.86%	9.84%
						Total Remaining Equity	**$7,250.91**	**$936,282.60**	**2.80%**	**91.25%**
						Total Equity		**$1,026,081.40**	**2.60%**	**100%**
						Annualized Return			**7.80%**	

S&P 500 Sector Analysis

Consumer Discretionary

Nicolas Dahlberg writes that the consumer discretionary sector had a rough year, under performing the S&P 500 by almost 35%. Of course the sub-prime mortgage crises added to the poor performance this year and across the entire market as a whole. The consumer discretionary sector tends to experience poor performance during times of economic downturn, partially due to a lack of consumer (discretionary) income across the market as a whole or economic uneasiness expressed by lowered consumer spending. The sector responds in a correlated fashion to the overall economic cycle. Internet and Catalog Retail took a 14% hit this previous year, along with Household Durables and Specialty Retail taking 12% and 12% hits, respectively. Our investment in the Consumer Discretionary Sector is made up of three stocks: Amazon.com, Ebay.com, and Starbucks.

Amazon.com saw a 2.95% loss since our purchase on October 10, 2007. AMZN outperformed the S&P 500 by almost 100% this year and saw slumping sales but high profits throughout the year. Amazon.com continues to sell a variety of products on its website with stores across the world. Sales have been slowing, but this is directly related to the overall decreases in consumer spending. AMZN posted record profits during the 3rd quarter and just recently signed a deal with Sony BMG to begin selling DRM-free music tracks on Amazon.com. Looking ahead, Amazon.com should outperform the S&P 500 and be a successful long term investment.

Ebay.com saw a 8.12% loss since our purchase on October 24, 2007. EBAY outperformed the S&P 500 by almost 10% but saw increasing revenues and realized the full burden of the Skype acquisition earlier during the year. EBAY also faced many challenges when it lost one of its key executives as a result from lower than expected revenues. A complete overhaul in management was also required to deal with the Skype acquisition losses. However EBAY saw increased revenues and sales, a large percentage realized in their recently acquired PayPal segment. CEO Meg Whitman has handled the losses from Skype extremely effectively and is working hard to fix any previously unseen problems.

Starbucks has lost almost 27% since our purchase on September 19, 2007. SBUX has underperformed the S&P 500 by 45% but saw a 35% increase in fourth quarter earnings. However, for the first time in the company's history, it has reported a decrease in consumer visits as a result of the nine cent price increase during July. Starbucks has also announced to open 100 fewer stores in the United States than they had originally planned. Starbucks is hoping to fall back on the hundreds of new international stores that are now starting to open across the world. However, with recent problems with executive management and a straggling economy, Starbucks has a lot on its plate to deal with during the coming year. Starbucks has shown that it cannot escape the pressures of a collapsing market.

Overall the consumer discretionary sector has had a rough year, bouncing back from the sub-prime mortgage crises and a slowing economy will be quite challenging in the year ahead, but I feel confident in the business models of the stocks mentioned above to push through this periodic economic downturn.

Annualized IRR per holding:

Company	Profit/Loss	Length of Holding (Days)	Annualized IRR
Starbucks Corp.	-$2,002	103	-94.7%
Amazom.com Inc.	-$280	82	-12.5%
Ebay	-$389	68	-42.0%

Consumer Staples

Julia Pfeffer writes that in the wake of the housing market failure, consumer staples continued a slow steady climb. Growth in this sector seems to keep fairly constant through good times and bad. While consumers may not be willing to spend that extra dollar on a new car or house, they are certainly willing to purchase some toilet paper, cereal, and soap for their homes. Holding stocks in the consumer staples sector can help balance out the investment fund's overall risk.

Proctor and Gamble saw a 4.59% gain from purchase date. P&G continued to build their brands, making them more recognizable and consumer friendly. Since P&G does embody so many brands, buying their stock was like buying a portfolio of stocks, which can also help balance out risk. This coupled with 12% growth in net sales, moving into underdeveloped markets, and gaining advantages on the competition makes P&G the right stock to own.

Annualized IRR per holding:

Company	Profit/Loss	Length of Holding (Days)	Annualized IRR
Proctor & Gamble Co.	$268	96	10.2%

Energy

Matthew Holzgrafe writes that the energy sector, like most this quarter, has suffered. The companies that we purchased suffered from with the oil prices and expectation of investors. In past years the energy sector has been among the strong sector of the US economy, due mainly for the high demand for energy and ways to refine it.

Schlumberger Limited exemplifies the problems faced by the energy sector this quarter. Despite an increase in profits for the quarter, a drop in oil prices caused the stock to fall short and never recover. In 2007, the stock dropped from our purchasing price of $105.35 by 6.63 %. During this time, investors all disagreed with it's decision to purchase Eastern Echo, a fellow refining company. These circumstances are what caused the stock to dramatically drop. The future is unsure because recently leadership within the company has been exercising their stock options.

Like other energy companies, Halliburton Company suffered from the volatility of oil prices this pas quarter. Despite a reshuffling of its leadership and the purchase of stakes in a gulf oil firm, it did not grow. It dropped 4.29 % from our purchase price in the 2 months that we had it.

The energy sector is still a strong sector even if it has suffered some weaknesses in the past few months. For now the world still needs oil, and with the growth of China and India that demand will only increase.

Annualized IRR per holding:

Company	Profit/Loss	Length of Holding (Days)	Annualized IRR
Schlumberger Ltd.	-$328	103	-23.5%
Halliburton Co.	-$203	82	-18.1%

Financials

Geoffrey Wescott writes that in the wake of a credit crash and subprime mortgage crisis the financial sector of the S&P has struggled. Prices fluctuated three and four percent a day without huge developments or press releases. Thus, it was difficult to establish a sale or buy price for companies within the sector. The investment strategy was to invest capital in large and diverse companies with the financial strength to outlast the credit crisis. As of December 31st the Williams Student Investment Fund held stakes in Bank of America and Goldman Sachs.

Bank of America did not have a great year and posted losses mainly due to subprime write offs. Its price showed a steady decline without much reason for a change through the last quarter of 2007. The bank, however, offers a five percent dividend which maintained a counterbalance to the stock's fall in value. In the second half of this fiscal year the stock will, however, be analyzed to sell. Bank of America is deeply invested in credit cards, a market that shows signs of faltering. Because the company did not excel through the mortgage crisis, it is to be believed that management may not be able to combat a faltering credit card either. Ken Lewis, CEO, also released comments suggesting the investment banking division would be cut due to struggling performance. A slacking performance in the credit card and investment divisions and a continued lack luster performance in mortgages will most likely generate another year of losses creating a continued drop in price.

Goldman Sachs showed supreme strength and risk adversity through the 2007 credit crisis. The company showed excellent third quarter earnings while competing banks struggled heavily. They were able to create gains from the mortgage crisis as it watched other banks draw losses and in wake of these developments, the stock price showed great strength through October of 2007 reaching an all-time high. In November the price began to fall and has fluctuated continuously since. However, the company's ability to avoid risk offers confidence in a long term investment and is planned to be held through 2008.

The first half of the Fund's fiscal year offered numerous challenges and lessons. I have found that stock analysis goes way beyond the numbers; management, the economy and personal confidence play largely in the decision to buy or sell. I feel that studying the financial sector through the end of 2007 offered two major lessons. First, a falling price is not necessarily a bad thing and in many cases offers a lot of opportunity. Second, pulling the trigger is difficult. It's very easy to say, "I want to watch what this stock does for another month" but in order to earn an adequate return one has to believe in the company and buy, or in order to mitigate a loss one has to believe it was a bad investment and sale. An ability that becomes difficult to obtain when it is no longer "monopoly" money being invested.

Annualized IRR per holding:

Company	Profit/Loss	Length of Holding (Days)	Annualized IRR
Goldman Sachs Group Inc.	$132	96	2.5%
Bank of America Corp.	-$935	103	-66.8%

Health Care

Matthew Holzgrafe writes that the health sector was made up of mediocre companies that were not worth investing in. The health sector is made up of a diverse array of companies that supply a variety of products and service. Many of the drug companies like Pfizer have suffered from a breakdown of their pipeline. While insurers and medical suppliers suffer from a lack of demand for their product. During the time we were investing it continually outperformed the S&P 500.

WellPoint was company in the health sector that did appear to be viable. WLP is a member of Bluecross Insurance group and it is responsible for the state of California. It also is a member of Blue Shield and serves its clients in over 10 other states. The company provides health benefits for over 35 million people. In 2007, it has increased by 11.25% to reach the price of $87.73. Since then it has fallen in price.

The health sector will still be perilous 2008, because all of the companies are having trouble maintaining their business models. There are a few companies that will hopefully stand out in the future to make this sector a bigger portion of our overall investment.

Annualized IRR per holding:

Company	Profit/Loss	Length of Holding (Days)	Annualized IRR
Wellpoint Inc.	$275	54	76.0%

Industrials

Brittany Causey writes that the severe downturn in the housing market has proven to be terrible for many of the companies within the industrial sector. With this knowledge, my research looked towards the skies – to the Boeing Corporation. Over the past few months, the SIF has been invested in the Industrial Sector of the S&P with a stake in

Boeing. Boeing's business model is fairly simple to understand. Boeing is the largest manufacturer of commercial airplanes and military aircraft. Included in this company is their own capital corporation, which provides financing to facilitate the sale of its products, and an engineering, operations, and technology division which develops, acquires, applies, and protects Boeing's innovative technologies and processes. Despite their diversified products, one in particular seems to be causing some difficulties with this investment. When purchased in late September, the company reported that it was on schedule with the release of their new super-efficient aircraft, the 787 Dreamliner. Since then, production has been delayed on three separate occasions. This has resulted in a 27% decrease in the share price since purchase. Boeing reports more than 800 orders for the 787 with new orders still being made. However, the company's credibility is at stake. Every delay makes people less confident in this company, despite the fact that Boeing has several other new contracts for many other of its aircrafts. The majority of the new orders are related to defense spending. Defense spending in this country has proven to be very profitable for Boeing and it projected to continue.

Annualized IRR per holding:

Company	Profit/Loss	Length of Holding (Days)	Annualized IRR
Boeing Company	-$1,230	96	-62.7%

Information Technology and Telecommunications Services

Will Radke writes that Warren Buffet famously advised not to invest in any company that cannot be easily understood. Much to the chagrin of investors, he avoided the tech crash of the late 1990s. While the technology sector matures, some companies still surround themselves with a cloud of complexity. With 94 companies in the S&P 500 comprising the technology sector, the task of understanding every single one remains a difficult challenge.

Since most tech firms do not offer dividends, long-term investing becomes a bit more complex as the capital we invest does not pay for itself through dividends. Anxiously watching the hyper-sensitive markets this summer, our capital continues to be exposed to the whim and emotion of investor sentiment. The Williams Investment Fund has invested in four tech companies over the past several months: Apple, AT&T, Cisco, and Oracle.

Of the companies the Portfolio is currently invested, Apple (AAPL) remains the leader of the pack. As Christmas ended, research indicates strong retail performance for Apple. Macworld, one of Apple's largest conferences and a platform for launching new products is scheduled for mid-January. Speculation largely points to a sub-$1,500 ultra-portable laptop. Sales of its new operating system, Leopard, have sold more copies in comparable timeframes to any previous operating system. Not only does this point to stronger sales but, more importantly, a large installation base for the software. By comparison, Microsoft's Vista appears to have met much resistance in upgrading.

AT&T (T) recently posted healthy profits with an even stronger outlook for the next fiscal year. As a result of the acquisition of Bell South last year, Cingular, the cellular service now under the AT&T name, continues to increase market presence and revenue. As the exclusive carrier of the Apple iPhone, sales and service also represent a growing source of revenue. In December, management announced a stock buy back program along with an increase in its dividend. Management also sees its once-shrinking corporate presence as driving future growth. Overall, management expects revenue to grow around 5% next year.

With a recent spike of 37% in first-quarter profits, Cisco's (CSCO) share price continues to slide as investors are concerned over future growth. Sluggishness in orders from larger corporations continue to overweigh investor confidence. While this segment was expanding at a 20% rate, growth looks to slow. This pessimistic outlook compounds issues in foreign countries, namely Brazil. With charges filed against executives there, Cisco moved quickly to shore up confidence by recently hiring a new executive from Motorola. While emerging markets comprises less than 1% of overall business, it represents a blow to its public face. Our position in this company will be evaluated before the end our fiscal year.

Also recently reporting strong quarterly profits, Oracle's (ORCL) share price continues to rise. Their sale of software licenses grew by 38% when analysts had predicted a rise of only 20%. New licenses, a closely monitored indicator of demand, indicate the apparent sustainability of corporate technology expenditures. This increased demand could help Oracle insulate itself from general market slowdown.

With approximately 3%, $30,000, of the portfolio weighted directly in the tech sector, this segment of the Fund outperformed the technology sector in aggregate, largely due to the growth of Apple. Since we initiated investing, our tech investments returned around 8% higher than the S&P 500 tech sector (as at December 31, 2007). As new information regarding these companies, sector, and global economy come to light, our positions will be evaluated.

Annualized IRR per holding:

Company	Profit/Loss	Length of Holding (Days)	Annualized IRR
Apple	$3,905	103	138.9%
Cisco	-$1,415	82	-83.9%
Oracle	-$3	54	-0.3%
AT&T	-$8	68	-0.9%

Fund Guidelines

General Guidelines

1. Asset Allocation of Fund – The fund shall be initially allocated 30% toward fixed income securities and 70% in equities, with the equity component initially allocated 20% to non-U.S. equities and 50% to U.S equities. At the beginning of each semester, the class shall review and potentially adjust their allocations from these targeted levels based on the relative prospects for each component.

2. Targeted Fund Return – The overall goal of the Fund shall be to achieve an annualized return of 8% over a rolling three year period.

3. Execution of Trades – All securities shall be bought and sold through a separate Fund account with a discount brokerage firm (such as Charles Schwab or TD America), with the faculty sponsor for the class responsible for executing all trades as decided upon by the class.

4. Long/Short Positions – No short selling of any stock shall be permitted.

U.S. Equity Component

1. Eligible Stocks for U.S. Equity Component – Any stock which has an equity market capitalization equal to or exceeding the stock with the smallest equity market capitalization contained within the S&P 500.

2. Concentration Restrictions within the U.S. Equity Component:

a. No individual stock shall comprise more than 8% of the overall U.S. equity component of the Fund as adjusted. Assuming a U.S. equity component equal to 50% of the overall fund would correspondingly mean that, in that situation, no stock would exceed 4% of the overall Fund.

b. No industry sector (see below) shall comprise more than 20% of the overall U.S. equity component of the Fund as adjusted. Again, assuming a U.S. equity component equal to 50% of the overall fund would correspondingly mean that, in that situation, no industry sector would exceed 10% of the overall Fund.

c. Industry sectors are defined as follows:

S&P 500 Sectors	
Consumer Discretionary	Industrials
Consumer Staples	Information Technology
Energy	Materials
Financials	Telecommunication Services
Health Care	Utilities

3. Benchmark – Periodic reporting on the performance of the U.S. Equity Component of the Fund shall be contrasted against the overall performance of the S&P 500 during the same relative time frame.

International Equity Component

1. The class shall participate in the non-U.S. equity market (unless amended by the Student Investment Fund Advisory Board) through the purchase of the following exchange traded funds (ETF's):

a. Europe: iShares Europe 350 (IEV) (60% of total International Equity component)

b. Japan: iShares Japan (EWJ) (15%)

c. Pacific ex-Japan: iShares Pacific ex-Japan (EPP) (15%)

d. Emerging Markets: iShares Emerging Markets (EEM) (10%)

Fixed Income Component

1. The class shall participate in the fixed income market through the purchase of Lehman Aggregate iShares ETF (AGG) unless amended by the Student Investment Fund Advisory Board.

Bylaws of the Todd A. Williams Student Managed Investment Fund

Article 1

Purpose: The purpose of the Student Investment Fund (SIF) is to promote investment education by giving students hands on experience in choosing investments and managing an investment portfolio. The SIF is a course-related teaching/learning activity and is not a student organization.

The focus of the fund will be on growth, with a long-term investment horizon.

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

Article 2

Investment Objective: The investment objective of the SIF is to achieve an annualized return of 8% over a rolling three year period.

The two primary objectives of the Todd A. Williams Student Investment Fund ("the Fund") are as follows:

First, to help educate students on becoming better investors and assist them in determining whether investing is a field that they want to pursue as a career. Specific educational objectives include helping each participant understand the following:

- overall asset allocation and the benefits of a balanced portfolio between fixed income and equity security instruments.;
- the benefits of geographic and industry diversification within an equity security allocation;
- the various industries and sectors within the S&P 500;
- the importance of understanding that individual equity securities are fractional interests in companies, and that stock valuation first and foremost starts with understanding the intrinsic value of the underlying company based on a number of factors (growth prospects, market share and position, strength of management and competition, capitalization, etc.) and then understanding how relative capital flows within the public and private markets ultimately influence the public market valuation of that fractional interest and;
- gaining skills in the preparation and presentation of individual stock and overall asset allocation recommendations to a group consisting of their peers, faculty advisors and industry professionals.

Second, to involve AC alumni and assist in connecting them with the College by seeking graduates with investment or industry sector expertise willing to advise each student investment team on factors that they should consider in reaching their final recommendations.

Article 3

Membership: Membership in the SIF shall be limited to current Austin College students either enrolled in or alumni of the Austin College capital markets class. At faculty discretion, other students may be allowed to observe and potentially contribute to investment dialog, but shall not receive course credit or have voting rights.

Article 4

Responsibilities of Membership: Members of the SIF have the following responsibilities:

1. Pursuing opportunities to enhance their investment knowledge and expertise.
2. Attending the meetings of the SIF.
3. Recommending stocks and defending (supporting) those recommendations.
4. Studying all stocks recommended by individual students for their suitability as potential investments.
5. Assisting with the operations of the SIF, including preparation of fund reports.
6. Monitoring stocks in the SIF portfolio.

Article 5

Faculty Advisors: The faculty advisors of the SIF shall include the Chairperson of the Economics/Business department, the Dean of Social Sciences, and a faculty member appointed by the two previously named advisors. In the event a consensus can not be reached as to the third member, the Dean of Social Sciences shall name an interim advisor to serve until a full-time faculty member is appointed

The duties of the advisors shall include providing leadership and guidance to students while promoting the education of the membership. Advisors shall also assist with accounting and financial reporting, making arrangements for speakers, executing trades, and signing documents necessary for the operation of the SIF. Faculty Advisors have the authority to overrule any decision reached by members of the SIF, but it is hoped that this authority will rarely (or if ever) be exercised.

Alumni Advisors: The Alumni Advisors to the SIF shall initially include Todd A. Williams, Zeke Ashton and Kirk Rimer. Should one of these Advisors no longer wish to serve, the remaining two Alumni Advisors shall appoint their replacement. The duties of the Alumni Advisors shall be to (i) participate when possible in reviewing SIF member recommendations, asking questions and offering advice on analysis and selections (but with no voting right) and (ii) receive and review presentations on performance and (iii) review and vote on potential changes to these By-Laws.

Article 6

Types of Investments: Investments are limited to securities listed on U.S. exchanges,, including NASDAQ, which meet the size requirements outlined in the attached "Fund Guidelines". Fund investments are limited to common stocks, exchange traded funds (ETF's), mutual funds and money market accounts. Margin purchases, short sales, and investment in derivatives are not permitted.

Specific limits and rules of diversification must also be adhered to as defined in the attached "Fund Guidelines".

Article 7

Procedure for Investment Selection: After all investment recommendations have been made, in order to speed the process of coming to a consensus, members will be asked to choose their top five choices from all the investments recommended. Each member will then rank his top five from the most favored to the least favored. Results will be tabulated by one of the Faculty Advisors and a student member of the SIF; if two or three investments receive close to the same totals, a second ranking may be requested. Once a motion is made and seconded to buy a particular investment, a simple majority of a quorum (defined as 60 percent of the membership) is required in order for the motion to pass.

Article 8

Broker: An online discount broker selected by a majority of the membership shall be utilized for executing the SIF's transactions. A Faculty Advisor of the fund will be responsible for placing the transactions. Advisors may authorize the broker to act as custodian for the fund's portfolio.

Article 9

Fiscal Year: The Fund shall operate on an annual period from April 1st to March 31st. Income and realized appreciation will be reinvested in the Fund. At the end of the fiscal year, the present Fund managers (student members) will assist the new group of Fund managers through the end of the spring semester. Unless decided otherwise, all investments will roll over to the next semester and be held over the summer.

Article 10

Annual Reports: Each year, prior to the commencement of spring semester final exams, the members of the SIF will present an Annual Report of the Fund's activities. The report will be presented to the Faculty and Alumni Advisors, the Vice President of Academic Affairs, as well as any other stakeholders. The members are also expected to give a formal presentation and an interim report outlining the Fund's performance at the end of the fall semester prior to commencement of final exams.

Article 11

Fund Corpus, Fund Distributions, and Dissolution of the Fund: The purpose of, uses of, and limitations regarding the corpus, income, and gains of the fund are defined in the attached "Memorandum of Understanding" between Austin College and the Todd A. Williams Family Foundation.

Article 12

Amendments to Bylaws: These bylaws and/or the attached Fund Guidelines may be amended at any time if approved by a majority of the Faculty and Alumni Advisors. Amendments to the by-laws initiated by the student members shall require approval by two-thirds majority of the student members and a majority of the Advisors.

Contact Information

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