Todd A. Williams Student Managed Investment Fund

2008 Annual Report

March 31, 2008

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

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Letter to the Stakeholders

When it rains, it pours. Amidst unprecedented action by the Federal Reserve Bank since World War II, the Williams Student Managed Investment Fund weathered one of the most volatile markets in years. At its lowest point, our Fund lost around 5% of its value. We closed our first fiscal year down 4.3%. Since the beginning of the calendar year, US equity markets have been down around 10%. Thanks in large part to the structure put in place by our Advisory Board, much of our fall was cushioned by our broad holding of bonds and equities.

New Beginnings, Disciplined Approach

Prior to the beginning of the Spring semester our team began to evaluate the holdings. Once we were able to collectively meet we began to critically evaluate our holdings and closed several. These positions were not made with the rigor we now have in place and expect future managers to utilize.

The bulk of our time this semester was spent establishing a framework for our future managers to deploy next semester. As a team, we chose to analyze one of our current holdings, AT&T. While we ultimately concluded the current share price was trading too high for our palette, we now understand the company in much greater depth. Please find our full analysis on Page 8 of this report.

We hope we have placed a malleable structure in place for the next group of student managers. We significantly increased the rigor and depth of our analysis to a level where we can comfortably screen equities in addition to analyzing our current portfolio allocations.

The Fund also aims to take larger positions in fewer companies in the hopes of outperform our mandated return of 8% over the three-year rolling average.

Finally, I am pleased to announce that Brandon Brown, who was abroad last semester, is willing to serve as Chair of the Fund next semester. Along with the incoming managers, our three outgoing managers have great confidence in the guidance of the Fund.

As always, our Alumni Advisory Board continues to provide immeasurable guidance and investment acumen. In particular, we are indebted to Zeke Ashton for his time and resources this semester.

Keep those umbrellas ready, the storm might have not passed. But without a doubt, we have a much better vantage point to forecast the path of those storms - stay dry.

Respectfully submitted,

Will Radke

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 March 31, 2008, the Fund was valued at $970,943. 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 Mar 31, 08	Value at Purchase	Value at Mar 31, 08	Weighted Percent Change	Total Weight
<u>Student Managed Equity</u>									
Technology						**$14,971.27**	**$14,641.00**	**-2.21%**	**1.51%**
AAPL	Apple Inc.	Sep 19, 2007	$142.29	70	$143.50	$9,974.85	$10,045.00	0.70%	1.04%
AT&T	AT&T Inc.	Oct 24, 2007	$41.63	120	$38.30	$4,996.42	$4,596.00	-8.01%	0.47%
Materials						**$0.00**	**$0.00**	**0.00%**	**0.00%**
Health Care						**$2,458.63**	**$1,368.03**	**-44.36%**	**0.14%**
WLP	Wellpoint Inc.	Nov 7, 2007	$78.86	31	$44.13	$2,458.63	$1,368.03	-44.36%	0.14%
Consumer Discretionary						**$4,984.95**	**$4,117.92**	**-17.39%**	**0.42%**
EBAY	Ebay Inc.	Oct 24, 2007	$36.01	138	$29.84	$4,984.95	$4,117.92	-17.39%	0.42%
Consumer Staples						**$4,983.85**	**$4,974.97**	**-0.18%**	**0.51%**
PG	Proctor & Gamble Co.	Sep 25, 2007	$69.99	71	$70.07	$4,983.85	$4,974.97	-0.18%	0.51%
Energy						**$9,971.90**	**$9,044.58**	**-9.30%**	**0.93%**
SLB	Schlumberger Ltd.	Sep 19, 2007	$105.35	47	$87	$4,965.65	$4,089.00	-17.65%	0.42%
HAL	Halliburton Co.	Oct 10, 2007	$39.61	126	$39.33	$5,006.25	$4,955.58	-1.01%	0.51%
Utilities						**$0.00**	**$0.00**	**0.00%**	**0.00%**
Financials						**$10,005.94**	**$7,773.33**	**-22.31%**	**0.80%**
GS	Goldman Sachs Group Inc.	Sep 26, 2007	$212.59	47	$165.39	$10,005.94	$7,773.33	-22.31%	0.80%
Industrials						**$7,479.50**	**$5,280.27**	**-29.40%**	**0.54%**
BA	Boeing Company	Sep 26, 2007	$105.14	71	$74.37	$7,479.50	$5,280.27	-29.40%	0.54%
					Total Student Managed Equity	**$54,856.04**	**$47,200.10**	**-13.96%**	**4.85%**

Sector and Company		Purchase Date	Purchase Price	Number of Shares	Price at Mar 31, 08	Value at Purchase	Value at Mar 31, 08	Weighted Percent Change	Total Weight
Remaining Equity									
Exchange-Traded Funds (ETFs) - International Equities						**$199,951.41**	**$191,078.21**	**-4.44%**	**18.09%**
EWJ	iShares Japan Index Fund	Aug 28, 2007	$13.73	2184	$135.58	$30,016.18	$28,742.96	-4.24%	2.96%
EPP	iShares Pacific Exempt Fund	Aug 28, 2007	$141.46	212	$12.37	$30,032.58	$27,016.08	-10.04%	2.79%
EEM	iShares Emerging Markets Fund	Aug 28, 2007	$127.45	156	$134.38	$19,897.73	$20,963.28	5.36%	2.16%
IEV	iShares S&P Euro Plus Fund	Aug 28, 2007	$110.17	1089	$105.01	$120,004.92	$114,355.89	-4.71%	11.80%
Exchange-Traded Funds (ETFs) - Bonds and Fixed Income						**$299,896.63**	**$309,272.16**	**3.13%**	**31.90%**
AGG	iShares Aggregate Bond Fund	Aug 28, 2007	$99.57	3012	$102.68	$299,896.63	$309,272.16	3.13%	31.90%
Exchange-Traded Funds (ETFs) - Domestic Equities						**$418,142.75**	**$380,334.17**	**-9.04%**	**39.23%**
IVV	iShares S&P 500 Index Fund	Aug 28, 2007	$145.40	2187	$132.23	$318,033.31	$289,187.01	-9.07%	29.83%
IWV	iShares Russell 3000 Fund	Aug 28, 2007	$83.68	1196	$76.21	$100,109.44	$91,147.16	-8.95%	9.40%
				Total Remaining Equity		**$917,990.79**	**$880,684.54**	**-4.06%**	**89.22%**
				Cash and Other Investments			**$41,552.39**		**4.29%**
				Total Equity			**$970,943.00**	**-4.30%**	**100%**
				Annualized Return				**-7.20%**	

Reconciliation of Activities

For the Seven Month Period Ended March 31, 2008

Portfolio Income and Expenses		
Interest	$151.00	
Dividends	$20,795.00	
Brokerage Fees	-$125.00	
Net Income and Expense		$20,821.00

Realized Gains and Loses	**Shares**	**Cost**	**Sale price**	**Gain/Loss**	
Sold S&P 500 iShares	$169.00	$24,576.00	$26,040.00	$1,464.00	
Sold S&P 500 iShares	$148.00	$21,522.00	$22,560.00	$1,038.00	
Sold S&P 500 Sshares	$145.00	$21,086.00	$22,640.00	$1,554.00	
Sold S&P 500 iShares	$43.00	$6,253.00	$6,421.00	$168.00	
Sold S&P 500 iShares	$58.00	$8,434.00	$8,747.00	$313.00	
Sold Amazon	$105.00	$10,023.00	$7,686.00	-$2,337.00	
Sold Bank of America	$96.00	$4,971.00	$3,987.00	-$984.00	
Sold Cisco	$225.00	$7,522.00	$5,221.00	-$2,301.00	
Sold Oracle	$330.00	$7,473.00	$6,278.00	-$1,195.00	
Sold Starbucks	$268.00	$7,504.00	$4,861.00	-$2,643.00	
Net Realized Gains and Losses					-$4,923.00

Unrealized Gains and Losses	**Shares**	**Cost**	**March 31 Value**	**Gain/Loss**
AT&T	$120.00	$4,996.00	$4,596.00	-$400.00
Apple	$70.00	$9,975.00	$10,045.00	$70.00
Boeing	$71.00	$7,480.00	$5,280.00	-$2,200.00
Ebay	$138.00	$4,985.00	$4,118.00	-$867.00
Goldman Sachs	$47.00	$10,006.00	$7,773.00	-$2,233.00
Halliburton	$126.00	$5,006.00	$4,956.00	-$50.00

Proctor & Gamble	$71.00	$4,984.00	$4,975.00	-$9.00	
Schlumberger	$47.00	$4,966.00	$4,089.00	-$877.00	
Wellpoint	$31.00	$2,459.00	$1,368.00	-$1,091.00	
iShares - Bond Fund	$3,312.00	$299,897.00	$309,272.00	$9,375.00	
iShares - Pacific Exempt Japan	$212.00	$30,006.00	$28,743.00	-$1,263.00	
iShares - Japan Index Fund	$2,184.00	$30,033.00	$27,016.00	-$3,017.00	
iShares - Emerging Markets Index	$156.00	$19,898.00	$20,963.00	$1,065.00	
iShares - Russell 3000 Index	$1,196.00	$100,110.00	$91,147.00	-$8,963.00	
iShares - S&P Euro Plus Index	$1,089.00	$120,005.00	$114,356.00	-$5,649.00	
iShares - S&P 500 Index	$2,187.00	$318,033.00	$289,187.00	-$28,846.00	
Net Unrealized Gains and Losses					-$44,955.00
Increase / Decrease in Value of Fund					-$29,057.00
Beginning Balance of Fund - August 27, 2007					$1,000,000.00
Ending Balance of Fund - March 31, 2008					$970,943.00

Analysis

AT&T

Recommendation

At its current share price AT&T is over-valued. Notwithstanding, AT&T is also a very complex company. We would like to increase our holdings at an ideal price of $30.83. AT&T's strong record of dividends could mitigate potential losses from a general weakening of the market or of AT&T's revenues. At this point in time should share price rise above $46.75 the Fund should sell our position.

Using a Discounted Cash Flow model, we determined that AT&T's large net debt position creates both a risk factor and reduces the attractiveness of the stock from a valuation perspective. Also, given the ongoing changes in the communications industry, it is hard to predict how fast AT&T may grow, such that we were not comfortable with the growth projections required for AT&T to deliver acceptable returns.

Background

AT&T acquired BellSouth December 29th, 2006, which geographically broadened their subscription base with the integration of Cingular Wireless (jointely owned by AT&T and BellSouth) and their wireline technology servicing the home and corporate consumer. With the integration of Cingular the company was able to add a record 2.7 million customers in the fourth quarter of 2007. AT&T now serves more than 70 million customers, approximately one-sixth the United States population. In addition to the integration of Cingular Wireless they have become the exclusive carrier of Apple's iPhone, which recently underwent a major software upgrade to expand its appeal to the corporate consumer (in addition to rumored 3G compatibility). AT&T has been Fortune's most admired telecommunications company in nine of the last 12 years and in 2007 they made their first appearance on the World's Most Admired list.

In addition to their wireless services AT&T offers customers corporate, wholesale, and home services. The diversification of these revenue streams gives the company the ability to package integrated services such as U-verse, a new service which offers customers bundled internet, television, and phone service with one subscription fee. AT&T's broad range of services is unmatched by direct competitors. Their corporate arm currently services 93% of Fortune 100 companies and 100% of Fortune 500 companies. Their wireless arm services the largest number of customers in the industry in addition to owning the largest market share in broadband services with 12 million broadband lines. AT&T continues to expand their global footprint through their expansion in Asia. In addition to an increase in data centers, they were also the first foreign telecom operator to be granted a license to provide telecommunication services in India.

Business Segments

Wireless - The wireless segment, which offers voice and data services, accounts for 35% of their total revenue in 2007, down from 37% in 2006. It also accounts for 32% of total segment income, up from 27% in 2006. Total wireless customers increased from 54.1 million customers in 2005 to 70.1 million customers in 2007. The customer turnover rate of AT&T has improved from 2.2% in 2005 to 1.7% in 2007. This indicates an ability to maintain customers and avoid losing revenues to direct competitors.

Wireline - The wireline segment consists of high speed Internet services, landline services, corporate accounts, and U-verse subscription services. AT&T is the largest U.S. provider of high-speed Internet service and is still growing. However, they are beginning to experience a decline in their growth of new Internet subscriptions. The U-Verse subscription service is currently in a growing phase, expecting to deploy full service to half of its twenty-two state territory by 2010.

Advertising and Publishing - Less than 5% of operating revenues are derived from their advertising and publishing segments.

Strengths

Moat - AT&T's most direct competitor, Verizon, competes strongly in wireless services, however Sprint is the only other company that offers competition based on market share. AT&T has become the exclusive carrier of the Apple iPhone and is at the forefront of exclusive business deals with large corporations, including Starbucks. The integration of U-Verse also offers a subscription service that is unique to other Internet/cable subscription services offered by smaller competitors. The business's footprint supersedes its competitors in each business segment, however the company does not possess a wide moat based on direct services offered to customers.

Economies of Scale – The wireless segment covers 282 million people in over 13,000 cities, offering the largest national coverage area to their customers. This large coverage area also allows the company to attract a larger customer base because of their reputation of having the strongest and widest cellular signal coverage.

Sustainability - The subscription service business model offers continued income through contractual transactions. The services AT&T offers are not based upon a large need for innovation, as their business model does not rely on the development of new technology. They have historically been able to convert their services based on the development of new technology at the same rate or better than their competitors for instance. AT&T has also shown the ability to return profits to shareholders by continuing to offer large dividends and purchasing treasury stock.

Management – AT&T's management shows great potential, though the company operates primarily in debt. Management continues to increases dividend yields and treasury stock purchases along while continually attempting to expand their business to new regions. They are also at the forefront of new technology with their exclusive partnership with the Apple iPhone. Further, management diversifies the branches of business for AT&T and keeps growth as a number one priority. Their weakness centers around the increasing amount of debt. Several debt ratios for AT&T fail to show financial strength and leverage within the company. In response to their past couple of years of unsuccessful attempts to reverse these debt ratios, it now appears to be an integral part of their business plan. Management demonstrates several abilities to keep AT&T as one of the top telecommunications company; however their business plan, which acquires large amounts of debt, does not relay confidence in the financial strength of the company.

Weaknesses

Moat - While they retain a deep moat in terms of bundling their services, their moat is not wide. Competition from other service providers may result in a substantial encroachment on their business models should consumers choose other wireless providers instead of AT&T. This scenario does not bode well for AT&T should these other service providers strengthen their technology, market share, or network coverage.

Debt - AT&T saddles a significant amount of debt with $64.115 billion. The servicing of this debt may negatively impact their ability to leverage capital for future growth. This level of debt indicates a higher level of risk. In addition, their current liabilities exceed their current assets by almost $15 billion, which indicates potential cash flow issues.

Sustainability - A significant amount of revenue and cash flow still comes from fixed-line and long-distance phone services. However, these services face increasing competition from other companies coupled with the advancement of technology, specifically with the increase in households using VoIP through cable internet providers. While AT&T may not have to be very innovative to keep up, its inability to rely more heavily on other sources of revenue may hamper its long-term growth prospects. As demographics shift, fixed line services will be decreasing in need for an increasingly mobile population.

Pension Obligations and Tax Liabilities - Unfunded post-retirement benefit obligations of $27 billion coupled with deferred tax liabilities of $20 billion could negatively impact the value of AT&T should cash flow and revenues weaken.

Why We Own

We kept several of the companies chosen last semester because they are still in line with our goals. We chose to keep companies that were in more stable sectors such as consumer staples, healthcare, industrials, energy, and utilities.

Apple Inc. - Consistently ranking at the top of innovative companies, Apple continues to produce an impressive line of products. They also recently surpassed Warners Brothers in terms of revenue from music sales from their ubiquitous iTunes platform. They continue to retain a competitive advantage coupled with the diversity and innovation of their products and revenue streams. Given this, they have incredible pressure to continue introducing the "next best thing."

AT&T Inc. - While AT&T retains a significant amount of debt, we still hold our confidence in our small position. As they continue to expand we will be looking to see if they maintain their core principles. Should the share price move to an acceptable sell point, we would consider the disposal of this asset after a reexamination of their performance. AT&T also has one of the highest dividends paid for its sector.

Wellpoint Inc. - Since acquisition, shares of WellPoint have fallen around 40%, partly due to market conditions and concern over the companies rising benefit costs. However, we believe that at its current price WellPoint is significantly undervalued. WellPoint has experienced solid revenue growth over the past few years while also decreasing their general and administrative expenses. WellPoint's relatively low beta combined with its potential for growth over the next several years keeps WellPoint in our portfolio.

Ebay Inc. - With a deep market position the on-line auction site Ebay retains a wide moat from its competitors. It also receives revenue streams from PayPal and *Mercado Libre,* Ebay's Latin American presence. Ebay retains plenty of cash to weather any significant sluggishness in the US economy. They also own Skype, which has yet to turn a profit but remains an attractive asset for the future.

Proctor & Gamble Co. - Proctor and Gamble's expansion and global footprint continues to expand. They remain active in both acquisitions and the spinning off of their product lines. They have continued to expand in higher-end brands and organic products. Gillette, a solid business unit, continues to perform well although margins continue to be near razor thin as they face increased competition. While they remain exposed to changes in the economy, they continue to prove to be a stable company yielding high dividends.

Schlumerger Ltd. - While our initial entry price into Schlumberger may not have been at the best time, we believe that as of the end of our fiscal year Schlumberger has been trading at a discount to its intrinsic value. In addition to their seemingly continual trend of excellent operating results Schlumberger recently raised its quarterly dividend by 20%. As the largest corporation in the Oilfield Services sector, we believe that Schlumberger will continue to post good earnings over the next 3-5 years amid elevated oil prices and the strong dayrates drilling firms have secured for the use of their rigs and personnel.

Halliburton Co. - We still find Halliburton to be a strong hold in our portfolio. Halliburton's significant efforts to increase their international earnings have set themselves up for strong growth in the years to come. With oil prices remaining high, Halliburton's customers have brought in extra cash that can be used to fund more drilling operations. We believe that as a leader in the Oilfield Services sector Halliburton will profit from the projected growth of the sector over the next several years.

Goldman Sachs Group Inc. - With the tumultuous credit markets weighing the financial sector down, Goldman Sachs weathered the credit crisis better than most other financial companies. We continue to have great confidence in their stellar performance and cash flow growth.

Boeing Company - Continued delays to the 787 Dreamliner weigh Boeing down. In light of that, we feel our patience will yield significant growth as we feel their stock price is undervalued. They continue to post strong revenue growth and we have confidence in their cash flow growth for the foreseeable future.

Annualized IRR per holding:

Company	Profit/Loss	Length of Holding (Days)	Annualized IRR
Apple Inc.	$70.15	194	1.3%
AT&T Inc.	-$352.42	159	-8.3%
Wellpoint Inc.	-$1,076.63	145	-110.9%
Ebay Inc.	-$867.03	159	-39.9%
Proctor & Gamble Co.	$40.82	188	0.5%
Schlumberger Ltd.	-$876.65	194	-33.2%
Halliburton Co.	-$27.99	173	-0.6%
Goldman Sachs Group Inc.	-$2,199.71	187	-15.5%
Boeing Company	-$2,145.98	187	-30.4%

Why We Sold

Within the past semester, we sold Starbucks, Amazon, Cisco, Bank of America, and Oracle. We determined that these companies were no longer in line with the goals of our Fund. With the condition of the market, these companies are in more volatile sectors, which include financials and consumer discretionary.

Starbucks - With a squeeze in discretionary spending and potentially self-inflicted problems from aggressive expansion, Starbucks's potential for cash flow growth worried us. Krispy Kreme suffered from too much expansion too quickly. International expansion looks to boost their growth but may not be sufficient to avert a declining share price.

Amazon - While Amazon is an attractive company, it is overvalued. It appears to be fairing well during this downturn, but if the downturn deepens Amazon's revenue streams might fall. Also, CEO Jeff Bezos continues to tout Kindle, a new digital e-reader. Its wide adoption remains in question. These factors combined lead us to doubt if it was a valuable addition to our holdings.

Cisco - Cash flow problems plague growth for Cisco. With the downturn in the economy, long-term growth looks sustainable but projected mid-term growth remains questionable. They also have a very complex business model, which is not in line with our investment principles. We aim to understand from a very basic level how companies make money. Much of what Cisco does remains too complex for our investment objectives.

Bank of America - Bank of America showed very little ability to be at the forefront of recovering from the financial crisis. On top of their struggles with mortgages, they were highly leveraged in credit cards, which were expected to suffer through 2008. In review of their 2006 annual report, they were unable to attain many of their goals in 2007, which raised questions about their management.

Oracle - Like Cisco, Oracle has a very complex business model.   While they look to be positioned better than some companies for this downturn, revenue growth looks to be stagnate. They continue to consolidate and expand their businesses with the $8.5 billion acquisition of BEA Systems, a software company specializing in enterprising middleware solutions. This type of activity can only add so much value to a business. How much these will help with cash flow remains to be seen.

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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