

# Todd A. Williams Student Managed Investment Fund



## Annual Report

For the year ended March 31, 2012



Submitted on behalf of the Student Managed Investment Fund by:

Michael Alford

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# Letter to the Stakeholders

In 2011-2012, the Williams Student Managed Investment Fund class continued to use a quantitative analysis approach for analyzing stocks based on company fundamentals. We also performed qualitative analysis of the macroeconomy, sector, industry, and company before we made any decisions. This year's qualitative analysis focused heavily on the macroeconomic level. With the economic downturn during the summer and the ongoing European debt crisis, much of our discussion revolved around the level of risk for the market as a whole.

On advice of the fund's supervisors over the summer, we sold some of our ETF holdings in Europe and our emerging market ETFs. This gave us a larger amount of free cash to work with this next year. We did not miss any excess gains when the down market turned up, but we were careful not to act too quickly. Halfway through the Fall 2011 semester, our analysis suggested the European Central Bank's plan to stem the European debt crisis was likely to succeed, so we started to looking for companies in sectors we thought would benefit our portfolio.

CAT was our first stock purchase of the year. The CAT purchase decision was largely due to the industrial sector appearing to be an area that would profit in a growing economy. CAT has significant market share in emerging markets, especially China, a good indicator of future growth. CAT also seemed to be a good purchase based on our quantitative analysis. Since we made the purchase, it has been one of the best performing stocks in the portfolio.

Before the first semester ended, we decided to sell Transocean. Its stock price had been hurt following the 2010 Gulf of Mexico oil spill. We felt that company's competitive advantage had eroded as competitors introduced new and improved technology.

The second semester of the class started with a much more positive economic view than the first. We decided to reduce our cash holdings in order to reduce the chances of missing expected gains in the market. Looking at the macroeconomic level and comparing our sector allocation to the S&P 500 as a whole, we found that we were underweight in the health care sector. This led to our first purchase of the spring semester, United Health Group I. United Health is a successful company in the managed care business with 8% growth in revenue in 2011. United Health Care diversified our holdings within the health care sector by adding managed care as our ownership of Abbott Laboratories, which is in the pharmaceutical side of the industry.

We also purchased St. Jude Medical to increase our holding in healthcare, further positioning us to gain from medical implants demanded by an aging American population. Subsequent disclosures of equipment failures marred the timing of the St. Jude purchase, but we stand by the company as a long-term investment.

The last thing that we bought this year is the S&P 500 ETF. Since the fund tries to mirror the S&P 500, we decided it was a good place to invest cash for the coming semester.

We hope to continue improving our analysis of the macroeconomic climate in the coming year and improve our analysis of stocks and ETFs.

Respectfully Submitted,

Michael Alford

# Management and Membership



## Student Managers

From top left: John Schulmeister, Noe Ortiz, Michael Alford, Andrea Rodriguez, Jerry Cai, Clark Pitts, Asil Yassine, Austin Vaughn

From bottom left: Tyler Roush, David Griffith, Walt Phillips, Mason Waddell, Joseph Ciesynski

Absent: Bryan Botello, Evan Harper, Katie Hendrickson, and Abderrazak Kerfai

## Faculty Advisors



Steve Ramsey  
Principle Advisor  
(2007-April 2010)



David Griffith  
Principal Advisor &  
Department Chair



Jerry Johnson  
Dean of Social Sciences

## Alumni Advisors



Kirk Rimer  
Managing Director  
Goldman, Sachs & Co.



Todd A. Williams '82  
Consulting Partner  
Goldman, Sachs & Co.



Zeke Ashton '95  
Founder  
Centaur Capital Partner



# 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, 2012, the Fund was valued at 1,103,474.71. Each year, student managers 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 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.

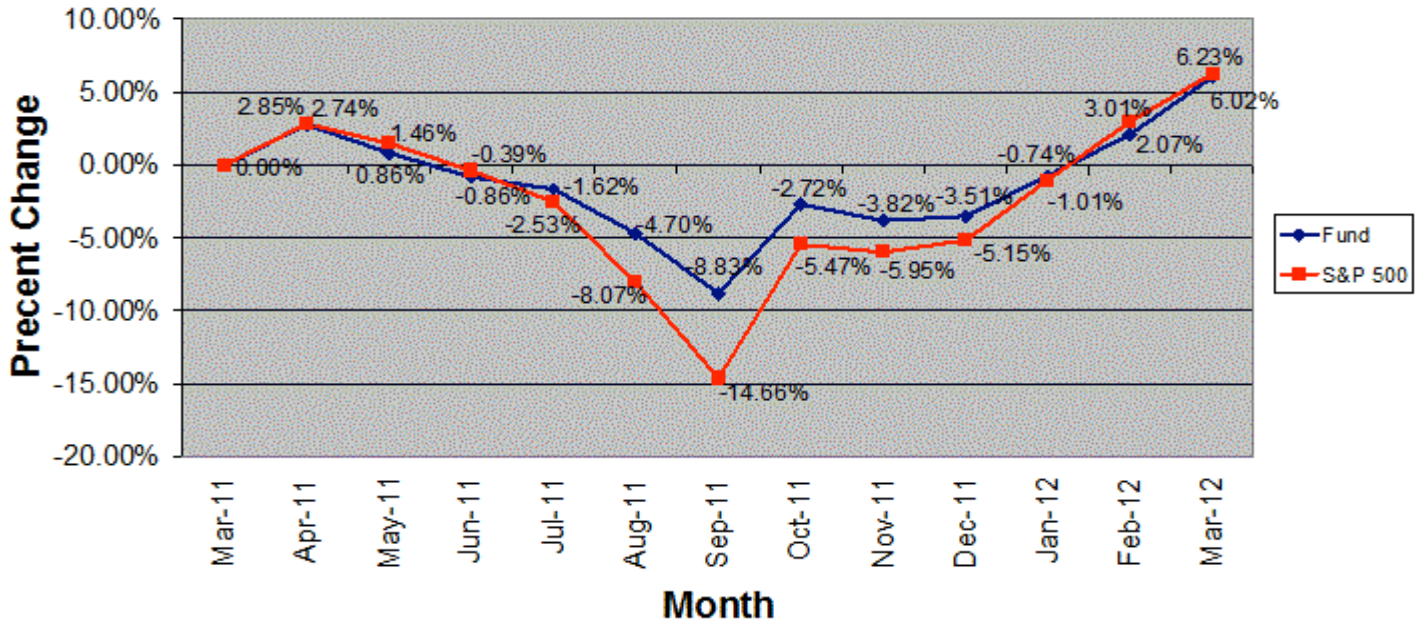


## About Austin College

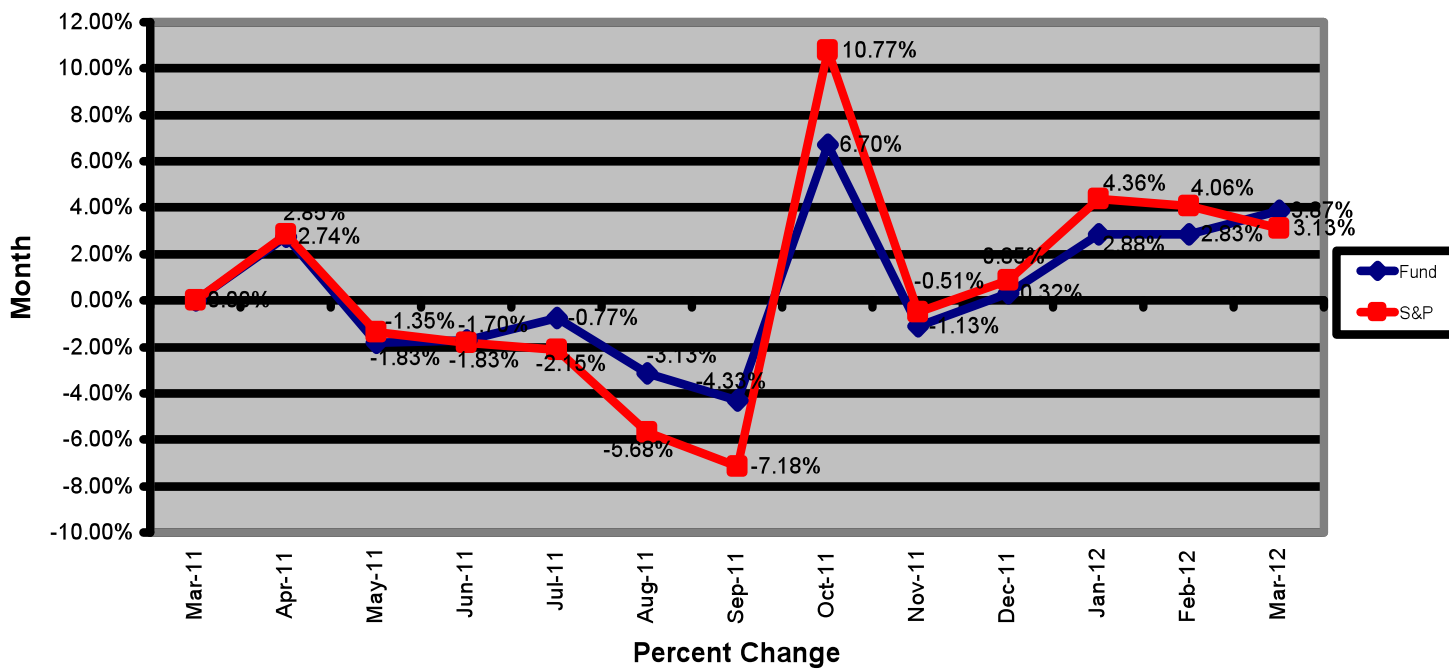
Austin College is a leading national independent liberal arts college located in Sherman, Texas, approximately 30 minutes north of the greater Dallas metroplex. Founded in 1849, making it the oldest institution of higher education in Texas operating under original charter and name, the college is related 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*.

# Performance

Percentage Change for Year ended March 31, 2012



Growth (Monthly)



Year ended March 31, 2012 6.02%

Since Inception 10.34%

# Summary of Positions

Sector and Company	Number of Shares	Fair Value
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## Student Managed Equity

<b>Technology</b>		\$89,229.64
AT&T, Inc.	570	\$17,801.10
Microsoft, Corp.	1300	\$41,931.50
Google, Inc.	46	\$29,497.04

<b>Materials</b>		\$0.00
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<b>Health Care</b>		\$71,166.35
Abbott Laboratories	415	\$25,435.35
St Jude Medical, Inc.	500	\$22,155.00
UnitedHealth Group I	400	\$23,576.00

<b>Consumer Discretionary</b>		\$44,021.70
Ebay, Inc.	1193	\$44,021.70

<b>Consumer Staples</b>		\$36,696.66
Proctor & Gamble Co.	546	\$36,696.66

<b>Energy</b>		\$43,365.00
Exxon Mobil Corp.	500	\$43,365.00

<b>Utilities</b>		\$15,670.00
NRG Energy, Inc.	1000	\$15,670.00

<b>Financials</b>		\$0.00
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<b>Industrials</b>		\$68,452.20
General Electric Co.	1500	\$30,105.00
Caterpillar Inc.	360	\$38,347.20

**Total Student Managed Equity** **\$368,601.55**

## Remaining Equity

<b>Exchange- Traded Funds (ETFs)-International Equities</b>		\$88,997.27
iShares MSCI BRIC Index	505	\$20,644.40
iShares MSCI Pacific ex-Japan	636	\$27,678.72
iShares S&P Europe 350 Index	1089	\$40,674.15

<b>Exchange-Traded Funds (ETFs)-Bonds and Fixed Income</b>		\$246,568.95
iShares Aggregate Bond Fund	1335	\$146,649.75
iShares 1-3 Yr Treasury Bond	1185	\$99,919.20

<b>Exchange-Traded Funds (ETFs)-Domestic Equities</b>		\$201,613.26
iShares S&P 500 Index Fund	550	\$77,665.50
iShares Russell 3000 Index Fund	1196	\$99,602.88
Vanguard Small Cap Growth ETF	280	\$24,344.88

<b>Other</b>		\$121,900.00
Berkshire Hathaway Class A	1	\$121,900.00

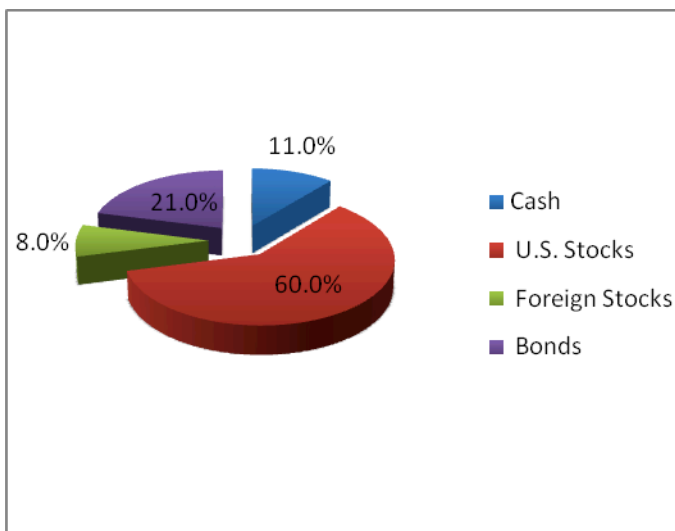
**Total Remaining Equity** **\$659,079.48**

**Cash and Other Investments** **\$75,793.68**

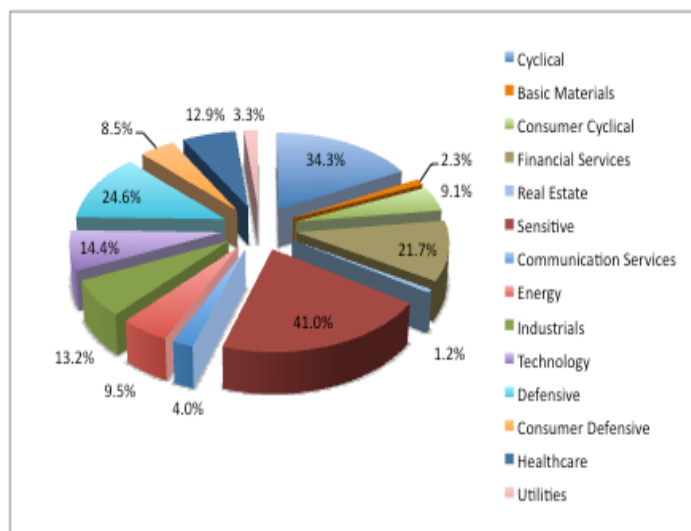
**Total Asset Value** **\$1,103,474.71**

# Asset Allocation

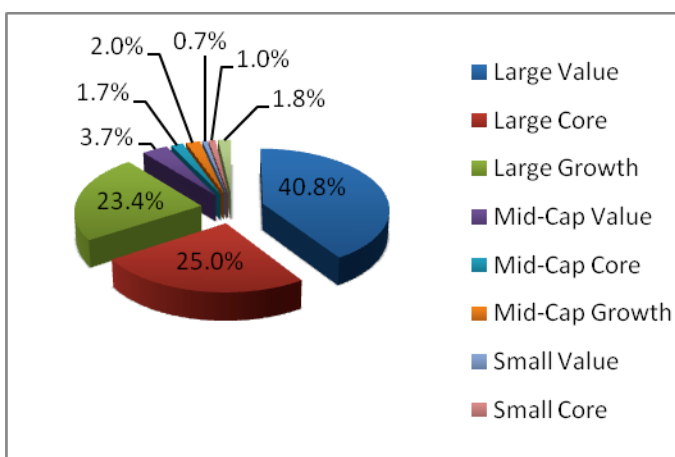
## Asset Class



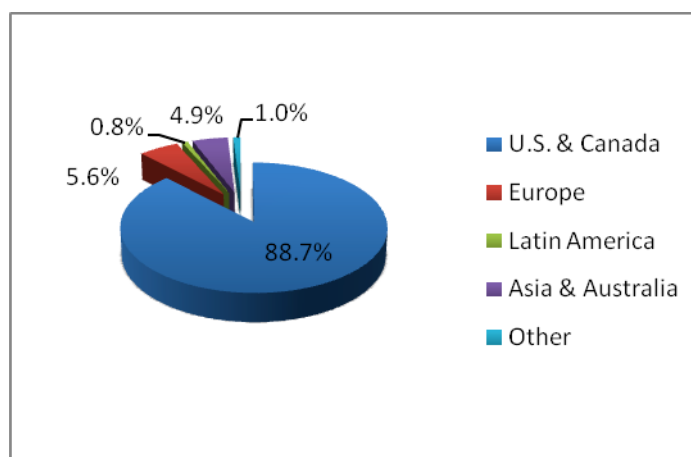
## Domestic Equity Allocation by Sector



## Stock Style



## World Regions





# Reconciliation of Activities

For the year ended March 31, 2012

## Portfolio Income and Expenses

Net Gain/Loss

Interest and Dividends \$19,705.30

Net Income and Expenses					\$19,705.30
Realized Gains and Losses	Shares	Cost	Sale Price	Gain/Loss	
Cisco Systems Inc.	550	\$9,432.50	\$10,978.54	\$1,546.04	
Goldman Sachs Group Inc	47	\$7,454.20	\$5,640.00	-\$1,814.20	
Goldman Sachs Group Inc	100	\$15,860.00	\$12,000.00	-\$3,860.00	
Transocean LTD	142	\$11,068.90	\$7,054.29	-\$4,014.61	
Transocean LTD	142	\$11,068.90	\$6,414.99	-\$4,653.91	
Transocean LTD	143	\$11,146.85	\$6,449.03	-\$4,697.82	
Boeing Co.	71	\$5,249.03	\$5,639.99	\$390.96	
Boeing Co.	233	\$17,225.69	\$18,508.70	\$1,283.01	
iShares Aggregate Bond Fund	445	\$46,782.85	\$47,899.00	\$1,116.15	
iShares-Emerging Markets Index	268	\$13,043.56	\$12,044.52	-\$999.04	
iShares-Emerging Markets Index	200	\$9,734.00	\$8,983.43	-\$750.57	
iShares S&P Europe 350 Index	889	\$37,177.98	\$35,256.75	-\$1,921.23	
iShares S&P Europe 350 Index	200	\$8,364.00	\$7,924.58	-\$439.42	

Net Realized Gains and Losses -\$18,814.63

Stocks Purchased				
Unrealized Gains and Losses	Shares	Purchase Price	March 31, 2012	Gain/Loss
Google, Inc.	46	\$24,636.57	\$29,497.04	\$4,860.47
Vanguard Small Cap Growth ETF	280	\$24,466.80	\$24,344.88	-\$121.92
Caterpillar Inc	360	\$30,396.24	\$38,347.20	\$7,950.96
St Jude Medical, Inc.	500	\$20,628.25	\$22,155.00	\$1,526.75
UnitedHealth Group Inc	400	\$22,257.40	\$23,576.00	\$1,318.60
iShares S&P 500 Index	210	\$29,794.80	\$29,654.10	-\$140.70

Net Unrealized Gains and Losses On Stocks Purchased \$15,394.16

Stocks Held				
Unrealized Gains and Losses	Shares	March 31, 2011	March 31, 2012	Gain/Loss
Abbott Laboratories	415	\$20,356.00	\$25,435.35	\$5,079.35
AT&T Inc	570	\$17,448.00	\$17,801.10	\$353.10
Berkshire Hathaway Inc Class A	1	\$125,300.00	\$121,900.00	-\$3,400.00
Ebay Inc	1193	\$37,031.00	\$44,021.70	\$6,990.70
Exxon Mobil Corporation	500	\$42,065.00	\$43,365.00	\$1,300.00
General Electric Co	1500	\$30,075.00	\$30,105.00	\$30.00
Microsoft Corporation	1300	\$33,007.00	\$41,931.50	\$8,924.50
NRG Energy Inc	1000	\$21,540.00	\$15,670.00	-\$5,870.00
Proctor & Gamble Co	546	\$33,634.00	\$36,696.66	\$3,062.66
iShares Barclays 1-3 Year Treasur	1185	\$99,121.10	\$99,919.20	\$798.10
iShares Barclays Aggregate Bond	1335	\$140,348.55	\$146,649.75	\$6,301.20
iShares MSCI BRIC Index	505	\$25,407.00	\$20,644.40	-\$4,762.60
iShares MSCI Pacific ex-Japan	636	\$30,725.00	\$27,678.72	-\$3,046.28
iShares Russell 3000 Index	1196	\$94,794.96	\$99,602.88	\$4,807.92
iShares S&P 500 Index	340	\$45,223.40	\$48,011.40	\$2,788.00
iShares S&P Europe 350 Index	1089	\$45,541.98	\$40,674.15	-\$4,867.83

Net Unrealized Gains and Losses On Stocks Held	\$18,488.82
Increase/Decrease in Value of Fund	\$34,773.65
Beginning Balance of Fund-March 31, 2011	\$1,068,701.06
Ending Balance of Fund-March 31, 2012	\$1,103,474.71

# Analysis

## New Investments

**United Health Group I-** In order to closely mirror the S&P 500 with our portfolio, we decided that we were heavily under invested in the health care sector. Before purchase, our only healthcare stake was in Abbot Labs, a company that markets and manufactures pharmaceuticals, medical devices, and nutritional health care products. I thought that it would be a good idea to invest in a managed care company so we would be more diversified throughout the health care sector. I thought UNH would be a good buy because it is the leader in the managed care industry with many competitive advantages and I see it as an undervalued stock. When plugging it into our spreadsheet, I noticed that in order to sustain its current share price, UNH would only need 2% growth over the next year. UNH saw 8% revenue growth in 2011 and is expected to build on this performance in 2012. It has also churned out plentiful free cash flow and I believe this was our best reason to invest in UNH. The company generated an exceptional \$7 billion in operating cash flow in 2011. I like UNH's diversified business model and how they have planned to grow their business. They have recently been awarded an estimated \$20 billion military contract and have decided to expand business internationally to the Middle East, particularly Dubai. This bodes well for the future growth outlook for UNH.

**-Austin Vaughan**

**St. Jude Medical-** St. Jude Medical, Inc. develops, manufactures, and distributes cardiovascular and implantable neuro-stimulation medical devices worldwide. It operates in four segments: Cardiac Rhythm Management, Cardiovascular, Atrial Fibrillation, and Neuromodulation. Seeing as the United States now has a growing aging population, the Student Investment Fund believes it to be good stock to invest in for the demand that we see coming in the near future. On another hand, we have decided that the Fund wanted to come closer to the S&P 500, almost mirroring it in some sectors and investing more aggressively in sectors we believe to have the most room for success. In acquiring St. Jude Medical, we were able to raise our defensive sector in healthcare to match the S&P 500, which is where we were striving to be, while in the meantime making some money in the process.

**-Joseph Ciesynski**

**Google-** We initially purchased 46 shares of Google at the end of last May for \$535.58 a share. Since then, they have increased in price to \$642.59 an almost 20% gain in share value. In my opinion, there is a very real possibility that the share price will continue to rise for several reasons. The first is that Google's main source of income remains its advertising deals which remain incredibly strong given the fact that Google accounts for (at least) 60% of all web searches across the globe. Other competitors such as Bing and Yahoo have made some headway into this market but Google remains dominant with little chance of that changing. Furthermore, Google also has a significant revenue stream in the form of Android which is already the most used mobile phone operating system in the world with little sign of slowed growth. Android tablets are also projected to overtake the Apple iPad in sales within the next three years further increasing Google's mobile dominance.

That being said, there are several risk factors with Google. For one, there is the fact that there has been some backlash against Google as it was revealed that they were compiling user data and made changes to their TOS, essentially forcing users to allow Google access to all data on their servers. However, given that this has already occurred with little to no change in general sentiment, it is unlikely to have significant effect. The thing that may be the biggest risk to Google at the moment are the antitrust allegations that they are currently fighting. Companies have claimed that Google is prioritizing its own services over other companies when users use Google search. That being said, the case is far from complete or concrete which makes it unclear how much damage such a case could cause.

**-Evan Harper**

**Caterpillar-** Based in Peoria, Ill., Caterpillar is the world's largest manufacturer of heavy construction machinery such as bulldozers, excavators, loaders and equipment for surface and underground mines. The firm also produces engines for their off-highway vehicles and others' machines. Caterpillar supports its machinery and engine revenue with a financial services arm, a logistics business, and remanufacturing service work. We purchased Caterpillar near its 52 week low in order to capitalize on high growth expectation in the future.

**-Katie J. Hendrickson**

## **Investments Held**

**Vanguard Small Cap Growth ETF-** The Student Investment Fund owns the Vanguard Small Cap Growth ETF to reduce some of the risk from owning other stocks. The Vanguard SCG is the smallest small-scale growth ETF available and it provides a low-cost counterbalance to decrease volatility within the portfolio. The diversification within the ETF spreads the risk over multiple companies, meaning lower risk and lower reward. However, it is effective as a safety net for the SIF.

**-Mason Wadell**

**Exxon Mobil Co-** Simply put, we own Exxon because to ignore the world's largest company by market capitalization would be highly irresponsible. Exxon Mobil Corporation is an integrated oil and gas company that explores, produces, and refines oil around the world. In 2011, it produced 2.4 million barrels of oil and 12.1 billion cubic feet of natural gas a day. At year-end 2011, reserves stood at 17.7 billion barrels of oil equivalent (plus 7.3 billion for equity companies), 47% of which are oil. The company is the world's largest refiner and is also one of the world's largest manufacturers of commodity and specialty chemicals. Exxon represents the S&P 500's largest energy holding, as well as the largest holding in XLE, the leading energy sector ETF. Morningstar gives XOM a fair value estimate of \$91, and it is currently trading in the \$85-\$87 range. It is a safe, blue chip company with a very low beta (0.57) that regularly posts dividends and continues to grow aggressively in a post-recession landscape that has been difficult for many of its competitors to successfully navigate. And at this point, it lines up perfectly with our aim of mirroring the S&P while remaining tactically defensive.

**-Kerfai Abderrazak**

**Berkshire Hathaway Inc.-** One of the more unique stock options that Student Investment Fund owns is Berkshire Hathaway Inc. Class A. This is a unique stock because it is greatly over the designated amount that is stated in the Bi-laws of the SIF. In fact, Berkshire Hathaway is currently trading at right around \$123,000. However, the reasoning we used to skirt around these rules is that Berkshire Hathaway has produced steady positive returns throughout their history. The main goal of the company is to buy other companies with above average earnings with minimal debt and solid management strategies. This is a parallel to what the SIF is currently looking for in other companies as well. Once they purchase a company they keep the holdings in that company not for the short term but for the long term, much like the strategies of the SIF. Berkshire's main focus is in the financial sector, but they own companies in several other sectors including retail, energy distributions, and manufacturing.

**-Walter W. Phillips**



**NRG-** NRG is a solid energy company primarily in natural gas reserves that has main markets in Texas, California, and the Northeast, including 1,400 megawatts of coverage in NYC and much layout in the drought-stricken Southwest. Although it fluctuates based on the volatility of the commodity market, specifically energy-based commodities, we see the increase in demand for low-cost energy in each market to be a huge asset for NRG. The coal used for burning is relatively cheap for the industry. Although they have recently decided to pay out a dividend, which can be seen as not only superfluous but harmful to a company that fluctuates relative to boom and bust cycles, their deep extraction from solar energy projects and the droughts throughout Texas (their main market) should increase profits for the upcoming summer. Trading now at \$16.48 (3/20/12), it has a fair value price that is more than double that amount. Just coming off a debt restructuring and retiring \$2.6 billion in debt while issuing \$2.8 billion in new debt, it's \$2.1 billion in cash flow gives it strong liquidity to hedge against possible fluctuations in natural gas prices. NRG is a company on sound financial footing in all the right markets and in an economy that looks to be bullish on natural gas, it is an inexpensive stock with much upside toward the future.

**-John Schulmeister**

**AT&T-** AT&T is the second-largest U.S. wireless carrier, serving 89 million traditional customers and 12 million "connected devices" such as e-readers. The firm is also the dominant local phone company in 22 states, serving about 40 million phone lines, 16 million Internet users, and 4 million television customers. In addition, AT&T provides phone and data services, such as Web hosting and data transport, to larger businesses nationwide. AT&T now sits in the middle of a 52 week high and its 52 week low; therefore, we should not consider selling the company at this moment. We acquired AT&T because of its high profitability and economic moat. AT&T exceeds its other competitors in sales.

**-Marisa Rodriguez**

**Ebay-** Ebay is a major e-commerce company that has continued to grow since being founded 15 years ago. They have a wide economic moat, providing them with the security that no other companies can directly jump into their line of business. Because our main goal is to find safe companies that continue to show good results long term, Ebay is a great fit. Since we bought Ebay stocks, they have earned our portfolio over \$16,000 and have continued to show promising growth over the past 3 years.

**-Tyler Roush**

**Microsoft-** Microsoft has been a proven performer in its industry and a robust R&D division and a heavy purse make it an attractive stock. Although it is facing increased competition from non-PC computing platforms Microsoft is maneuvering itself toward a position of strength in the cloud computing industry. Analysts expect that profits from the traditional sources of the Windows OS and MS Office product lines will decrease, and the move to cloud computing will provide a great opportunity for growth in Microsoft's data center and software development tools divisions that should more than offset the reduced profits from declining consumption in their other divisions.

**-Bryan Botello**

**Procter and Gamble-** Procter and Gamble has been a stronghold in our consumer defensive sector of the portfolio. Since purchasing 546 shares of it, the company has displayed 26.97% or \$7,763.85 in gain to our fund. It displays healthy free cash flow and debt to equity ratio. While the fund is still unsure where exactly we are on the business cycle, the members feel fairly confident that we are not completely out of thick water and thus having a reliable and growing consumer defensive is strategic for our intents and purposes. In February, the company announced it would reduce costs by \$10 billion by 2016, about a third of which is coming from overhead costs. If successful and sustainable, some analysts plan on adjusting the fair value estimate upward. The company hit a rough patch when consumer spending slowed at the height of the recession, but this hit is not unique to only Procter and Gamble. Its widely varied brand portfolio is coupled with an impressive \$5 billion in cash. Currently, the fund is low in consumer defensive in comparison to the S&P 500 distribution, which we have decided to mirror closely for at least this semester. While we are satisfied with Procter and Gamble's performance, we are continuing to look for a complementary company that will deliver strong results as well. Colgate-Palmolive Company has had a similar run, with less impressive financials but has nevertheless outperformed Procter and Gamble consistently in the last 3 to 5 years. A future goal for the student managers of this fund is to look more closely in explaining why the former company is seemingly invoking stronger performance, despite similar economic risks.

**-Asil Yassine**

**General Electric-** This is one of our longer held stocks in the portfolio and we have kept it for a few reasons. It seems to be a stable company that has significant opportunities to go into new markets. It is also considerably increasing its infrastructure business giving the company a wide economic moat to be able to keep its economic advantage. This company is so large that it gathers considerable information on emerging markets and can position itself to benefit from this information in coming years.

**-Michael Alford**

**iShares BRIC Index-** This ETF is a great diversifier for the portfolio. With all of our individually owned stocks being U.S. owned companies, this ETF allows us to get exposure to the four largest emerging markets; Brazil, Russia, India and China. These areas have the ability to give us very high returns, but does come with increased volatility; almost twice that of the S&P 500. Yet, adding this stock has allowed us to further diversify our holdings and thus reduce the volatility of the portfolio as a whole.

**-Michael Alford**

**iShares Pacific Index ex-Japan-** This ETF is another great diversifier in our portfolio. It mostly holds companies that do not compete with the S&P 500, helping increase growth in the portfolio as a whole while giving it diversification at the same time. This ETF is also less volatile than the BRIC index because it holds developed economies only: Australia at 65%, Hong Kong at 20% and Singapore at 13%. This helps decrease the risk and volatility of this ETF while still being exposed to the high growth in the Pacific region including China.

**-Michael Alford**

**iShares S&P Europe 350 Index-** We hold this ETF to give us exposure to another market and further the portfolios diversification. This ETF also holds some very strong competitive firms in it and it pays dividends of around 3%; higher than our U.S. stock average. Dividends have been a very important part of the portfolio and have helped sustain some form of return on our portfolio in the last year. We did not sell this ETF during the European debt crisis because we felt that it had bottomed out and was not a good time to sell. It has increased in value since this time.

**-Noe Ortiz**

**iShares S&P 500 Index Fund-** This stock was purchased because the fund still has excess cash from the sale of ETF's this summer. We wanted to have a place to put the cash for the summer. This way we will still capitalize on any gains in the market this summer.

**-Michael Alford**

**iShares Russell 3000 Index-** This ETF gives the fund very broad exposure to U.S. stocks, helping stabilize the portfolio. It also has substantial holdings in Mid and Small cap stocks which gives it above average return expectations or the foreseeable future.

**-Michael Alford**

# What We Learned

So far this semester in SIF, I have learned a solid fundamental approach to picking good stocks and developing a portfolio. I've learned how to screen for stocks and choose stocks based on specific analytical criteria. I've also learned of the effect that global markets have on the stock market and how to guard against these factors by being diversified in investments.

**-Austin Vaughan**

In the Student Invest Fund, I have learned the important factors in determining the value of a company's stock. Rather than simply looking at EPS, I have learned that it is more important to look at growth rates and cash flows. I have also learned it is necessary to look at how good of a company it is in terms of the type of economic moat it has, the management of the company, and how it compares to its competitors in the industry. Finally, it is important to look at the external economic factors that affect the whole industry when considering a company's stock.

**-Mason Waddell**

Over the course of almost two semesters, I have garnered an invaluable wealth of knowledge from participating in the management of the Student Investment Fund. I have learned a great deal at the technical and fundamental analysis levels, but the most important lesson I have taken away is that of being an effective money manager. On a daily basis, we hit on a variety of related areas- finance, accounting, capital markets, etc., that complement and reinforce what I am learning in many of my other courses. Quite often, I am exposed to a new idea or technique in the SIF before I formally learn it in another course, giving me an edge over the other students in that course. Considering the specialized training we receive, the freedom we have in researching, buying and selling various stocks, bonds and ETF's, and the real-world experience that managing a fund gives us, I consider the SIF to be the single most underappreciated program offered at AC. The course, above all else, teaches us to forego the illusion of short-term gain and focus on building strong, diversified portfolios that are both profitable and competitive long term.

**-Kerfai Abderrazak**

I am really thankful for what the Student Investment Fund has taught me over the past two semesters. It has opened my eyes to how much goes into making a single stock selection. It has taught me how to research quantitative and qualitative material needed to do a full in depth analysis. Also, having the new Jack B. Morris Foundation Conference Center has allowed me to experience a real life work setting and enables me to behave professionally during classroom activities.

**-Katie J. Hendrickson**



My knowledge about investing in stock options and the steps in choosing the "right" stock to invest in before taking this class was nonexistent. However, after these short few months I have learned more than I have in most classes. I previously thought that choosing a stock to buy was based on past performance of the company, however I now understand that it takes a much more in-depth look at the companies financial statements, strong performance calculations, and a good prediction about where the company will be in the long run rather than the short run. I have noticed a repetition of if we are going to invest our money into a company we should be willing to buy that company if we had the appropriate funds. This is an interesting philosophy to keep to; a philosophy that makes complete sense. If you feel a company is going to have positive returns, then buying the entire company is the logical solution. Having a diverse portfolio is another aspect Student Investment Fund has taught me. To protect yourself from losing all your assets while still showing a high gain of return you must spread your investments out over a variety of options. Having your portfolio too highly invested in the stock market you are susceptible to big losses if your companies under perform or a drop in the overall market happens (such as 2008). On the flipside of over investing in the stock market is under investing in the stock market and over investing in long term CDs and having too much cash.

**-Walter W. Phillips**

In regard to SIF, I have had reiterated from the class and Professor Griffith the concept and value of holding stock in a company with the theoretical intention that if I am going to own stock in that company I would be willing to own the entire company in and of itself. This is valuable advice for me, a person that will perhaps be setting up a 401k very soon after entering the workforce and developing a good long-term strategy. Passed down from Ben Graham to Warren Buffett and now to many investors all around the world, the strategy to own a company for the long haul that produces a valuable product(s) with a strong cash flow and balance sheet is the soundest strategy that a young investor can learn. Investing is not about making daily bets as so many investors do today, it is about investing for the long term and that is the ultimate goal of the SIF fund. We have learned to look at the financials of a company and project growth using our own algorithm while also balancing news and sentiment gathered from news sources such as the Wall Street Journal. These tools have helped us find great investments in a market that is working hard to come out of its deep recession.

**-John Schulmeister**

The Student Investment Fund course is one of the most interesting and beneficial classes that I have taken. Before I enrolled in the class, I had very little interest in the world of stocks. The little time I have spent in the course has taught me a great amount of information that I know will be useful for my future. One thing that has stuck out to me the most is the great deal of research and analysis that should occur prior to purchasing a stock. The price of the stock tells one very little about how well a company is doing; therefore, thorough analysis and research must take place in order to insure that the right decision is made. This, among many other things this class has taught me, is something that will help me in future investment decisions.

**-Marisa Rodriquez**

I have learned several things through my involvement with the SIF. Probably the most important thing that I've learned though is that my passion does not lie with stock trading or investing. Although I enjoy it, I have found that dealing with economic policy is much more interesting and enjoyable for me. I don't mean this as a comment on the class but instead just mention this as a reflection upon myself. In terms of skills though, I've learned how to better find information about companies and how to sift through the inane pieces to find the information about a company or an event that really matters. I've also begun keeping up with the news on a much more consistent basis on account of my having to read the Wall Street Journal on a regular basis. Lastly I've also learned more about how to lead a group of people as I have to teach and advise my group members on how to research a company and the kind of characteristics that we in the SIF typically look for within a company.

**-Evan Harper**

This is the second time I have taken the course, and one of the main things I learned is how to do effective research. Our portfolio's goal is to mirror the S&P 500, and to invest in stocks that we feel like will benefit us and continue to grow for many years, not just short-term investments. To find these types of companies, you have to research their background, competition, past performance, prospective future performance, and how they are managed. One of the points that Mr. Griffith really drove home to us was that we had to act like we were buying the whole company, and if we weren't willing to do that, we weren't willing to buy stocks of that company either.

**-Tyler Roush**

The Student Investment Fund has taught me many things about investing and evaluating stocks in a strategic manner but more importantly, it has shown me the way the real world works. This being my second semester in the Student Investment Fund, I have learned many ways of choosing a company, evaluating the success and possible success to come, and ultimately buying a well to do stock. All of these ways have made me a well-rounded investor and overall businessman. The real lesson I have been taught though is how the business world works. I would not have been able to understand, experience, and physically do the things that occur in the Stock Market everyday if it wasn't for this class. I have been given multiple opportunities that many would love to participate in and for that I am very grateful. The Student Investment Fund is an awesome opportunity that taught me many of the things I know today.

**-Joseph Ciesynski**

As a non-business/finance major joining the Student Investment fund was a bit daunting. I had no experience in financial accounting, and comprehending the seemingly inane financial reports and SEC filings was not something I felt I had been prepared for. However, in the first few weeks we were taught the basics of looking at income, balance sheets, and cash flows, and how to use the aforementioned information in assessing the health of a company. Investment strategies were also imparted to us, particularly that we should not look to be day traders, but long term investors in companies that we believed to have a strong financial moat and opportunity for future growth. Overall, I've learned how to invest wisely, manage a portfolio, and how to plan for a strong financial future.

**-Bryan Botello**

This class has been a complete learning experience for me. It is rare, for me at least, to walk into a class without knowing something about the subject already. With this class, I knew very little about investing besides what stocks, bonds, and mutual funds are at their basic levels. I now know tons more than what I did when I started and it has actually helped open some doors for me. I learned how to look at a company on Morning Star and while I'm still learning how to fully take advantage of this great website I have learned to make good use of the x-ray tab. That way you get to look at the portfolio and access the different sectors which I have also learned a lot about and how to get them closer to the S&P 500, which is the class goal, and what kind of companies belong to what sector. It is never good to be undervalued or too heavily invested in a particular sector. The "My Performance" tab also provides financial information crucial to deciding a company's financial health and wellbeing. This leads me to the excel spreadsheet that we use to do a thorough analysis on a company's stock. This uses a pre-templated way for you to apply various accounting computations such as net income, debt, cash, revenue, cash flows, etc. which can all be found on the company's annual end of year reports, balance sheets, income statements and statements of cash flow. This spreadsheet also puts emphasis on growth and shows how high or low it has to be for it to be healthy. While I still do not fully know how to use this spreadsheet, I do view it as a helpful tool that's good to master. The importance of economic moats for a company is also something that I learned, but hadn't thought about before, and this concept basically says: What kind of an edge does this company have over its competitors? I have also learned about the general unpredictability of the stock market and according to some, it's not natural to beat it, even if you make a profit one time, you're not guaranteed to make another, you might even lose.

**-Noe Ortiz**

As an Economics and Political Science major, I have always been interested in delving into the universe of investment. After all, it is difficult to study either subject without at least mentioning capital markets. My curiosity did not go unquenched and I am grateful that such a unique hands-on experiment allows for students to be truly engaged in financial markets. While I do not foresee a career in finance, I have personally benefited from teamwork exercises, pressures to be detail-oriented, and focusing on critical thinking. My respect for portfolio managers has increased significantly -- there seems to never be enough analysis in the field. It is incredible to see how intertwined virtually everything is to the markets. I have seen the rise and fall of Europe in this class, the response to Japan's earthquake crisis, overseas elections, and indescribable oil price fluctuations. I see the class as more of a capstone of the liberal arts curriculum that I have grown to love, and hope that it is as beneficial to future cohorts as it was to me.

**-Asil Yassine**

# Contact Information

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