



SIF Student Investment Fund

University of Tulsa

**FALL 2009
NEWSLETTER**

FALL 2009 CLASS

- Theron Bowling
- Aaron Edwards
- Trey Goolsbay
- Leonie Hoffmann
- Sara Mardanbigi
- Chase McBride
- Casey Morris
- Jonathan Scrocchi Wittl
- Amanda Shank
- Dawit Soparkdithapong
- Tuan Vu

MESSAGE FROM THE SEO

The Fall 2009 members of the Student Investment Fund (SIF) have worked diligently to continue the success of the Fund and build upon past improvements of previous classes. During the semester, each member of the Fund performed in-depth analysis of the 30 securities in the Fund, including sector and industry analysis and relative and intrinsic valuations. Each student also performed a stock screen for potential new securities to add to the Fund, and, from those screens, performed further research on a single security. Each student then presented their findings to the other members of the class, as well as outside investors looking to learn more about certain stocks or about the Student Investment Fund. This research allowed each member to get hands-on experience and learn valuable knowledge and techniques that we will be able to use in our own personal investing or in our potential future careers as investment analysts and fund managers.

Our Portfolio Committee was instrumental in improving performance and selecting new funds through their extensive work on

managing the Fund's risk and sector allocations. The Macroeconomic Committee provided guidance for the Fund as to which sectors we wanted to overweight or underweight and other important information concerning the national and global economic situation. The MIS Committee has been working on creating a new website that will be more accessible for potential Fund members, as well as Fund alumni. The Membership & Public Relations Committee has recruited a great new class for the Spring 2010 semester, and also arranged for two guest speakers to give their insights into the investment management world and their opinions on the current economic climate. The Membership Committee also coordinated the continuation of the SIF Stock Picking Game. This is a great experience for Finance majors and non-Finance majors alike, as well as a great recruitment tool for the Fund.

The members of the Fall 2009 semester made many changes to the composition of the Fund, which we believe will improve the performance during the next se-



mester and reduce our risk during this uncertain economic period. We chose to overweight the Basic Materials and Energy sectors, and added five new securities which should reduce the volatility of the Fund, while hopefully providing greater returns.

It has been an honor to work with the members of the Fall 2009 SIF class and I look forward to watching how our decisions impact the Fund in the coming semesters.

Casey Morris
SIF Student Executive Officer
Fall 2009

FACULTY

Dr. David Enke

CONTENTS

Message from SEO	1
Letter from Advisor	2
Mission Statement	2
Major Transactions	3
Portfolio Performance	3
Economic Conditions	4
Security Performance	4
Guest Speakers	5
Stock Picking Game	5
Looking Forward	5

SIF GENERATING POSITIVE RETURNS

After what can only be described as a challenging investment environment in 2008, both the market and the TU Student Investment Fund (SIF) have experienced impressive gains since the 2009 March lows. Yet, even with recent positive returns, investors remain cautious as the market continues to look for leadership and politicians continue to discuss regulatory changes to the financial system. Such changes are causing everyone to become more proactive in monitoring the markets and their portfolios.

Fortunately, the students at The University of Tulsa have been performing due diligence and successfully monitoring the markets and the TU Student Investment Fund portfolio for over a decade. This semester was no different as the current group of SIF students has also dedicated themselves to outperforming our benchmark, the S&P 500 index. As with past semesters, this initially involved having the students analyze the economy and then determine which sectors and industries are expected to outperform going forward. The current portfolio was then examined to determine if the fund was properly positioned based on recommended sector weightings. Each stock in the existing portfolio was also analyzed to determine if its current valuation was still attractive and its growth prospects were positive. Once the existing securities had been studied, each student considered a new security that could potentially be added to the portfolio. This analy-

sis included performing a stock screening, industry analysis, relative valuation, intrinsic valuation, and risk assessment. Each security analysis was presented to an outside audience consisting of faculty, staff, and local industry professionals, providing the students with feedback on their potential new securities, as well as a priceless educational experience. We truly appreciate the questions and comments that were offered by those who attended the presentations.

While the recent move in the market has been positive, and the increased number of companies showing up on stock screens is encouraging, the students of the SIF understand that there are still a number of challenges for both the economy and investors. Nonetheless, everyone associated with the SIF is up for the challenge and will continue to do our best at being good stewards of the donations that have been made to the Finance Excellence Fund – donations that not only support the SIF, but also provide numerous student scholarships. The students and I appreciate your support and generosity, and thank you for creating an environment for learning and a classroom experience not typically offered to college students. Your donations are generating positive returns, both in portfolio value and student growth.

David Enke
SIF Advisor



Dr. David Enke, SIF Advisor

SIF MISSION STATEMENT

“As members of the University of Tulsa’s Student Investment Fund, we will meet for the purpose of furthering our knowledge of financial management, elevating our experience in the investment arena, promulgating our objectives and purposes to the public, mastering the practices, habits, and ethics of finance professionals, and for the promotion of social and professional relationships amongst our members. This background will provide us with superior knowledge and competitive ability in our professional field.

We will also, as beneficiaries, endeavor to provide superior returns to our shareholders; those individuals who have enabled us to enjoy this experience by donating to the Finance Excellence Fund.”

-Adopted January 23rd, 2001



NEXT SEMESTER

The Spring 2010 SIF class currently has **11 students enrolled. Of the 11, 7 are undergraduate students and 4 are graduate students.**



MAJOR TRANSACTIONS THIS SEMESTER

Securities Bought

SECURITY	DATE	QUANTITY	PRICE
OXY—Occidental Petroleum	12/14/2009	491	77.00
SPY—S&P 500 INDEX	12/14/2009	630	111.80
CMP—Compass Minerals	12/14/2009	233	67.99
MA—MasterCard	12/14/2009	96	244.72
NTRS—Northern Trust	12/14/2009	480	48.15
BMC—BMC Software	12/14/2009	398	38.44
EEM—Emerging Markets	12/14/2009	371	41.57

Securities Sold

SECURITY	DATE	QUANTITY	PRICE
APA—Apache (position reduced)	11/02/2009	200	94.56
HCP—HCP, Inc.	11/02/2009	1657	29.52
MYRX—Myriad Pharmaceuticals	11/02/2009	106	5.58
MYGN—Myriad Genetics	12/14/2009	425	24.69
WFR—MEMC Electronics	12/14/2009	1050	12.49
MOS—Mosaic Company	12/14/2009	300	58.71

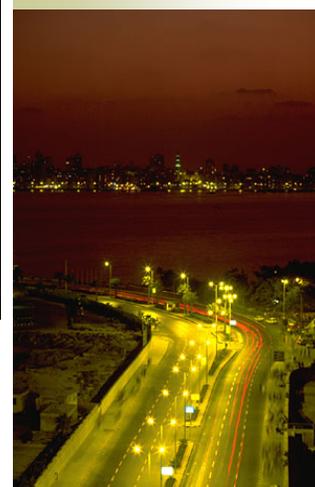
SIF PORTFOLIO PERFORMANCE

HIGHLIGHTS
FALL 2009

The Portfolio Committee spent \$202,036 on new security purchases, using the existing cash position, donations, and funds from sold securities.

Currently, the Fund has \$2,977 allocated to Cash/Money Market Funds.

The Fund is overweight basic materials, energy, and technology.



MACROECONOMIC CONDITIONS—SEMESTER IN REVIEW

Since March 2009, the economy has experienced a significant recovery, with the market (S&P 500) recently hitting its year-to-date highs. This coupled with some improving economic data shows clearly that the direction of the economy has changed significantly versus where it was only one year ago. Analysts have commented that the greater the speed to the downside in a recession, the sharper the recovery will be thereafter. This has clearly been the case with the “V” shaped recovery we have seen since March. The question now is one of sustainability. There has been unprecedented intervention in the financial markets by world governments and central banks, and now leaders must unwind those positions without destabilizing the markets.

Over the course of the semester several indicators began to point to the economy being in a state of recovery. However, one must take stock of the actions the government was taking prior to placing too much confidence in these numbers. An example of this argument is the New, Pending, and Existing Home Sales numbers. The housing market can be argued to be the catalyst that sparked the financial crisis, and the housing market has improved recently. The Federal Reserve has taken major steps to inject liquidity in the market via special lending facilities that are enabling the securitization process to continue. There was also the introduction and extension of an \$8,000 tax credit for first time home buyers. The coordinated efforts of the government may be the main cause for the expansion in sales in the housing market. We know that this growth is artificial because during a brief period when we were unsure of whether or not the government program would continue, the sales effectively came to a halt very abruptly. Some argue that these programs are pulling forward sales that would have happened regardless. It remains to be seen what the effect of withdrawing government support from this market will be. The Federal Reserve has maintained interest rates at a low level and stated after the most recent FOMC meeting that the goal was to keep rates low for an extended period, but home sales may be affected nonetheless.

Another area of concern is the most recent GDP numbers. In accord with the housing data, the numbers reflect growth, but when broken down to the base components, the only driver for the expansion was government expenditures. To make matters worse, the initial reading of 3.5% was revised downward to 2.8%, signaling that the gains were not as strong as first considered. Throughout the semester we also witnessed the dollar hit fairly hard versus other world currencies. Some analysts feel there will be issues with the US government being able to handle the debt being taken on to fund the recovery. As a byproduct of this factor, gold hit record highs continuously throughout the semester as well. The weaker dollar has been a positive sign for commodities and the US exports; this was a factor in the committee being bullish on the basic materials and energy sectors.

SECURITY PERFORMANCE

Top Five Performers		
Rank	Company	Return (YTD)
1	WESTERN DIGITAL	266.6%
2	FREE-PORT MCMORAN	210.8%
3	PRICELINE.COM	192.6%
4	APPLE	124.8%
5	DIAMOND OFFSHORE	83.62%

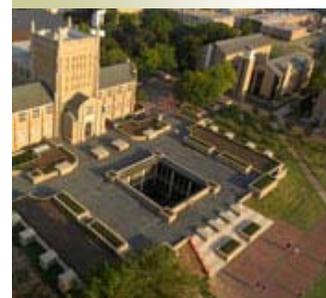
The tables above and below display the top 5 and bottom 5 performers, respectively, of the SIF from January 1, 2009 to December 17, 2009. Note: WDC up 69.7% and DO up 27.3% since their May 2009 SIF purchases.

Bottom Five Performers		
Rank	Company	Return (YTD)
1	MYRIAD GENETICS	-23.21%
2	GILEAD SCIENCES	-15.53%
3	MEMC ELEC MATERIALS	-15.06%
4	EXXON MOBILE	-14.54%
5	EXELON CORP.	-10.90%

Judging the current situation of the consumer is very difficult because of several factors. The US currently has unemployment at 10%, highs not seen in 26 years and the number is being skewed by several factors such as full-timers simply accepting part time work, and others dropping out of the labor pool completely. The Administration has committed to making changes in the tax code and devoting stimulus monies toward the creation of new jobs. The timing and efficacy of such activities will be judged better after the implementation, but the question of sustainability immediately comes up. The durable goods, factory orders, and manufacturing indexes are all looking stronger, however, we must consider the programs such as cash for clunkers/dishwashers/caulkers and business inventory turnover and what affect they may be having on the numbers. Also the indicators are being affected by noise from the holiday shopping season.

Written by the Macroeconomic Committee

The SIF has outperformed the S&P 500 for the last 1, 3, 5, and 10 years.



GUEST SPEAKERS

Mr. Chris Shannon, the Student Investment Fund's broker with Merrill Lynch, was our first guest this semester.

He spoke about investing and his job as a broker before answering a range of questions about the finance industry.

After getting to know Mr. Shannon, we are glad to have him working with the fund.



Mr. Matthew Monger, First Vice President: Investments at Merrill Lynch, talked about his history in the NFL, about setting and reaching goals, and about his work at Merrill Lynch. He also answered questions about the financial climate and shared his investment strategy which is focused on growth in China. Bank of America's acquisition of Merrill Lynch was another topic which both speakers addressed.

Thank you to our speakers this semester!

2010 STOCK PICKING GAME

The 2010 Stock Picking Game was launched early on December 4th, 2009. The contest currently has 43 competitors, and we expect this number to increase in January. Each participant receives \$100,000 to invest using the simulator at Investopedia.com, and students are competing for the chance to win prizes throughout the semester. We hope to bring more attention to the Student Investment Fund by sponsoring this contest for all TU students.

LOOKING FORWARD

The economy has certainly rebounded from the low points that we saw in March. However, there is reason to be concerned about the recovery's sustainability. Withdrawing government programs may bring unintended consequences, and markets worldwide seem to be fragile, waiting for an event that could send the economy back into recession. Factors to be concerned with going forward include commercial real estate, unemployment, the value of dollar, and eventually, the level of inflation. For the time being, however, the rising tide seems to be keeping the broader market in an uptrend.

This semester we have positioned the fund to take advantage of the continuing recovery in the United States and abroad. Whether the current trends continue or the markets fall again, next semester's Student Investment Fund is sure to continue the diligent efforts that define our program. We have outperformed the S&P 500 for the last decade, and we hope to continue to do so.

SIF Student Investment Fund



CONTACT INFORMATION

Dr. David Enke
Associate Professor of Finance
Finance Department
University of Tulsa
800 South Tucker Drive
Tulsa, OK 74104
Phone: (918)631-2218
Fax: (918)631-2037
david-enke@utulsa.edu

The Fall 2009 Student Investment Fund would like to give special thanks to all of our supporters and contributors who make the Fund possible.

**Write to us!
We would like to hear from you!**



**Newsletter published by
the SIF Fall 2009 Class**