



SIF Student Investment Fund

University of Tulsa

FALL 2011 NEWSLETTER

FALL 2011 CLASS

- Orgil Batsaikhan
- Bryan Baynton
- Denton Brader
- Nick Gates
- Aashish Khaladkar
- Yang Li
- Simon Meier
- Maribel Orduna
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- Andre Weilenmann
- Jia Xu
- Yiming Yang

FACULTY

- Prof. David Enke

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MESSAGE FROM THE SEO

I would like to start off my message by expressing how fortunate I feel to have had the chance to take the Student Investment Fund (SIF) class. I feel honored to have had the opportunity to serve as the Student Executive Officer (SEO) of the class and to be among such diligent and intelligent classmates. The SIF easily qualifies as the most educational class that I have ever taken during my undergraduate and graduate studies and I am confident that what I have learned through the class will benefit me for the rest of my life. Therefore, I would like to sincerely thank all our donors and supporters as you have made this opportunity possible for all the students like myself.

I am also grateful to the SIF classes before us as we have inherited a very strong portfolio that has outperformed the S&P 500 year to date (up +3.83% YTD on the S&P 500 as of November 30th, see page 5 for details). Thus, building on an already solid foundation, our class has worked hard to further strengthen the portfolio so it may continue to outperform the benchmark. While our class was in charge from the end of August to the middle of December, the macroeconomic environment has largely remained uncertain. From the conflict in Libya to the sovereign debt crisis in Europe, the class had to monitor and analyze numerous geopolitical and macroeconomic developments around the world to make sure our portfolio would not be adversely affected. The Macroeconomic Committee, chaired by Greg Stevenson, has followed numerous economic indicators as well as overall sectors and deter-

mined that the fund should be bullish on the Energy and Utilities sectors. The class as a whole has done extensive research on the current securities in our portfolio as well as new securities that would suit the macroeconomic forecasts and enhance the overall risk/return characteristics of the SIF. Based on class research and the recommendations of the Macroeconomic Committee, the Portfolio, Accounting and Risk Committee (PAR, chaired by Nick Gates) has decided to sell the current fund positions in Credit Suisse (CS) and Hewlett Packard (HPQ), increase our holdings in Occidental Petroleum (OXY) and buy Spectra Energy (SE), Cleco (CNL) and U.S. Bancorp (USB).

The Macroeconomic and PAR committees, however, are not the only ones who did a phenomenal job this semester. The Membership and Public Relations Committee (MPR), chaired by Yiming Yang, worked hard to recruit quality candidates for the upcoming Spring 2012 class by giving in-class presentations to prospective students and organizing social events that would raise awareness of the SIF and allow interested students to ask questions. Such efforts have paid off as the SIF currently has 14 students enrolled for the Spring 2012 semester. The Operations Committee, chaired by Simon Meier, has also done a great job maintaining the Williams Risk Management Center, as well as keeping our files and data organized and accessible.

In conclusion, I would like to say farewell to Dr. David Enke, who is leaving the University at the end of the semester. He has ad-



vised the class for seven semesters since fall 2008. On behalf of past, current and future SIF students, I would like to thank Dr. Enke for all his contributions not only to the SIF, but also to the Collins College of Business and the University as a whole. We wish Dr. Enke the very best in his career endeavors. Although we are sad to see Dr. Enke leave, we are comforted that the class will be left in very capable hands of Mr. Tally Ferguson, SVP and Director of Risk Management at BOK Financial. I would like to extend a warm welcome to Mr. Ferguson as well as the next class of SIF students. I am confident that the fund will continue its outstanding performance in 2012. At the very least, I am sure that it will continue to be a superb educational experience for all participants.

Orgil Batsaikhan
Student Executive Officer
Fall 2011

PORTFOLIO, ACCOUNTING AND RISK COMMITTEE REPORT

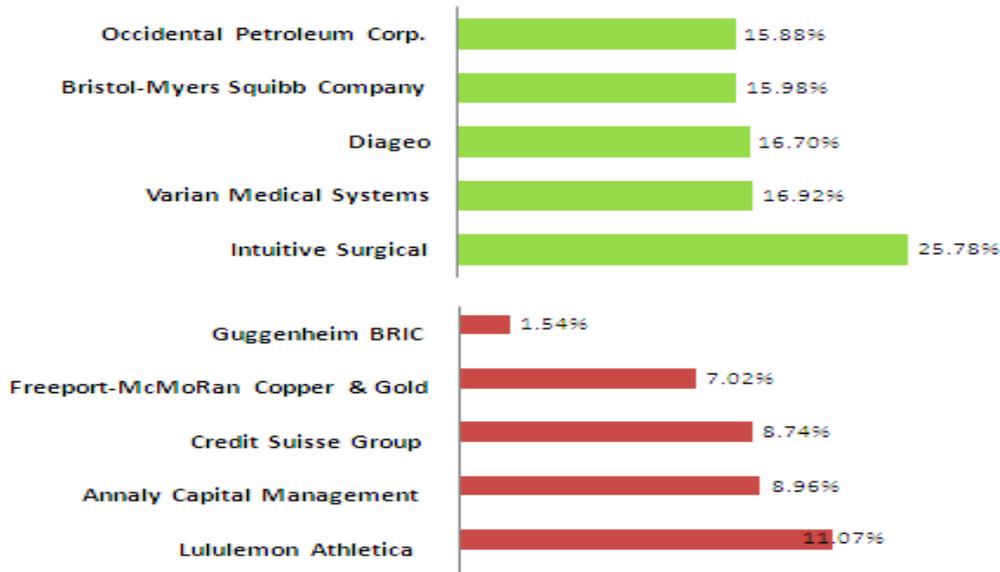
Performance Report

During the fall 2011 semester, the fund has continued to show strong performance in spite of turbulent economic times. The fund is now valued at \$2,217,169.80, as of November 30th, 2011. The following pages cover the top winners and losers of the fund, the current asset allocation, the fall 2011 transactions, a list of current holdings including the direct and indirect holding percentages for each security, and the SIF portfolio sector weightings compared to the S&P 500.

Current Winners and Losers in the Fund as of December 7, 2011

Nine of the thirty SIF stocks, as well as the two ETFs showed negative returns this semester, while all other SIF holdings had a positive return. The table below shows the winners and losers for the period from August 24th through December 7th, 2011. Intuitive Surgical's stock was the top performer of this semester with a return of 25.78%. Varian Medical Systems, Diageo, Bristol-Myer Squibb and Occidental Petroleum Corp. contributed significantly to the overall performance of the portfolio. Lululemon Athletica, Annaly Capital Management, Credit Suisse Group, Freeport-McMoRan Copper & Gold and the Guggenheim BRIC yielded negative returns this semester.

Top 5 Winners and Losers by %



NEXT
SEMESTER

The Spring 2012 SIF class currently has 14 students enrolled.

SIF Portfolio Value

\$2,217,169.80

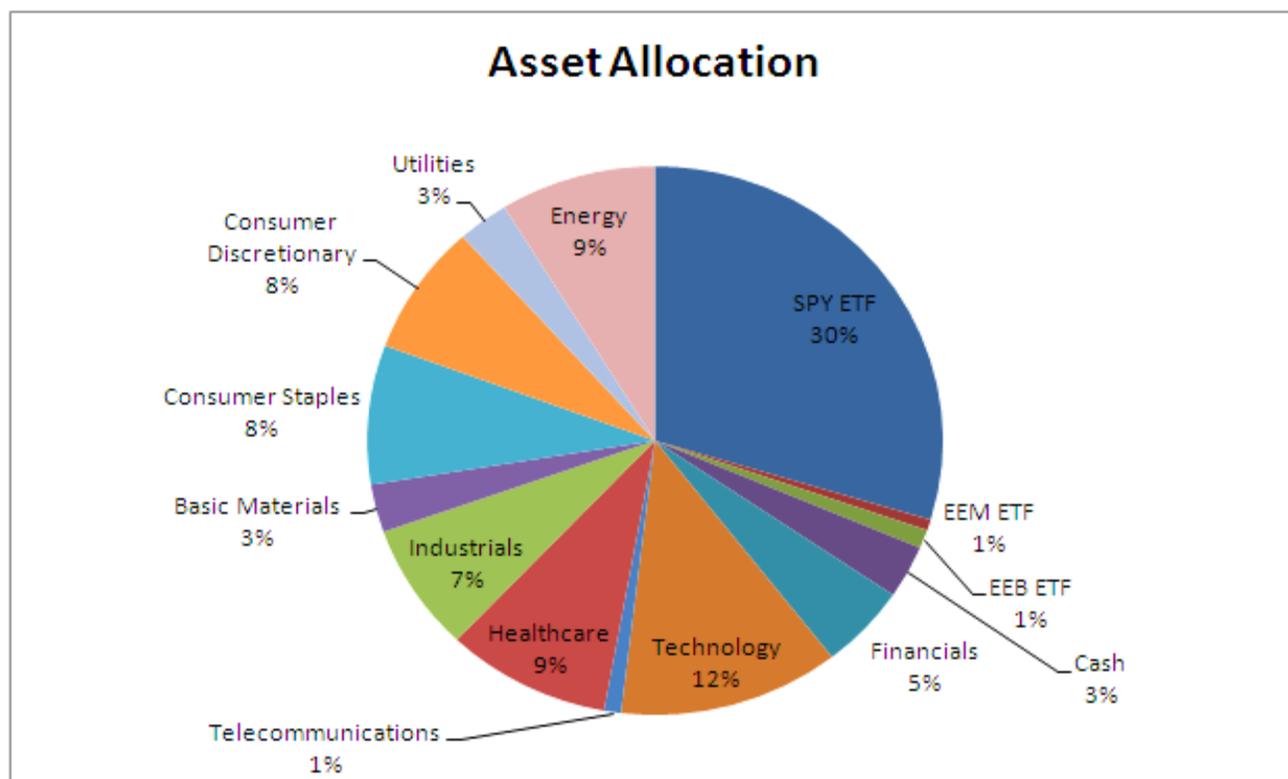
(as of 12/09/2011)



PORTFOLIO, ACCOUNTING AND RISK COMMITTEE REPORT

Asset Allocation

As of December 9, 2011, Apple accounted for the SIF portfolio's largest individual equity exposure. If the indirect exposure to Apple via the S&P 500 ETF is also considered, the company's weight in the portfolio is 7.76%. Other companies that are highly weighted in the portfolio are Exxon Mobil, Caterpillar, Intuitive Surgical, General Mills and Canadian National Railway. The smallest SIF stock holding is Illinois Tool Works and a new security, Cleco Corp., which makes up 1.06% of the portfolio. The chart below provides sector asset allocation details, including the three ETF holdings:



Upon making the fall 2011 transactions, three new securities were added to the fund (SE, USB, CNL). One position was increased (OXY). Two existing securities were sold (CS, HPQ). The table below gives a listing of the fall 2011 buy and sell transactions.

Fall 2011 Transactions

Securities Sold

Security	Ticker	Date	Quantity	Price	Cost Basis
Credit Suisse ADR	CS	12/09/2011	1628	\$24.85	\$40,308.64
Hewlett Packard	HPQ	12/09/2011	905	\$28.32	\$25,633.76

Securities Purchased

Security	Ticker	Date	Quantity	Price	Cost Basis
Spectra Energy Corp	SE	12/09/2011	900	\$29.57	\$26,613.00
U.S. Bancorp	USB	12/09/2011	1950	\$26.21	\$51,109.31
Cleco Corp New Louisiana	CNL	12/09/2011	2650	\$35.78	\$23,317.97
Occidental Petroleum Corporation	OXY	12/09/2011	100	\$94.08	\$9,407.50

EQUITY HOLDINGS AND THEIR DIRECT & TOTAL EXPOSURES

The goal of the Student Investment Fund is to add value to the portfolio. After thoroughly analyzing existing and potential securities, the SIF analysts provided buy, sell, or hold recommendations for each security. Additionally, the analysts considered the current and anticipated macroeconomic environment and the impact that it could have on each security's performance. This allowed the SIF analysts to allocate portfolio weight to sectors we expect to outperform the market. Once the sector weights and individual stock recommendations were determined, a risk-return optimization procedure was applied to construct a portfolio with a superior risk-return relationship while satisfying sector weighting decisions and other constraints. The listed securities are sorted by total exposure (which includes indirect S&P 500 ETF exposure).

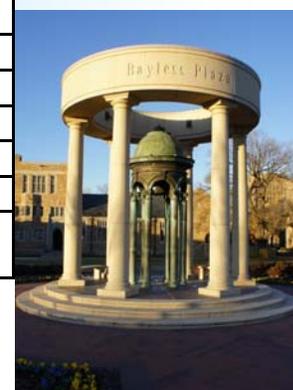
Company Name	Sector	Direct Exposure	Total Exposure
Apple	Technology	4.88%	7.76%
Exxon Mobil	Energy	2.45%	5.71%
Caterpillar	Industrials	3.34%	3.85%
Intuitive Surgical	Healthcare	3.66%	3.80%
General Mills	Consumer Staples	3.58%	3.79%
Canadian National Railway	Industrials	3.74%	3.74%
Bristol-Myers Squibb	Healthcare	3.10%	3.56%
Occidental Petroleum	Energy	2.52%	3.27%
Mastercard	Technology	2.91%	3.20%
Factset Research Systems	Technology	2.99%	2.99%
Annaly Capital Management	Financials	2.79%	2.79%
U.S. Bancorp	Financials	2.31%	2.59%
Tim Hortons	Consumer Discretionary	2.57%	2.57%
Nike	Consumer Discretionary	2.20%	2.49%
PepsiCo	Consumer Staples	1.62%	2.44%
Schlumberger	Energy	1.58%	2.40%
AT&T	Telecommunications	0.99%	2.37%
Cognizant Tech Solutions	Technology	2.03%	2.20%
Priceline	Consumer Discretionary	1.80%	1.99%
National Fuel Gas	Utilities	1.89%	1.89%
Diageo	Consumer Staples	1.74%	1.74%
Intl. Flavors & Fragrances	Basic Materials	1.71%	1.74%
Kimberly Clark	Consumer Staples	1.48%	1.71%
Gilead Sciences	Healthcare	1.41%	1.66%
Freeport-McMoRan	Basic Materials	1.18%	1.50%
Varian Medical Systems	Healthcare	1.36%	1.42%
Southwestern Energy	Energy	1.33%	1.39%
Lululemon Athletica	Consumer Discretionary	1.37%	1.37%
Spectra Energy	Energy	1.20%	1.25%
Guggenheim BRIC ETF	ETF	1.11%	1.11%
Cleco Corp New Louisiana	Utilities	1.06%	1.06%
Illinois Tool Works	Industrials	0.83%	1.06%
iSHARES MSCI Emerging Mkts ETF	ETF	0.82%	0.82%

HIGHLIGHTS FALL 2011

The final portfolio now consists of 31 securities (of which 3 are new) and 2 ETFs. Several of our existing and new stocks have consistently demonstrated outstanding performance.

Apple, initially purchased in 2007, currently comprises 7.76% of the portfolio (total exposure) and acts as a significant return contributor.

With the current equity allocations, the SIF analysts strongly believe that the fund is in a position to experience greater success as the fund moves forward into 2012.

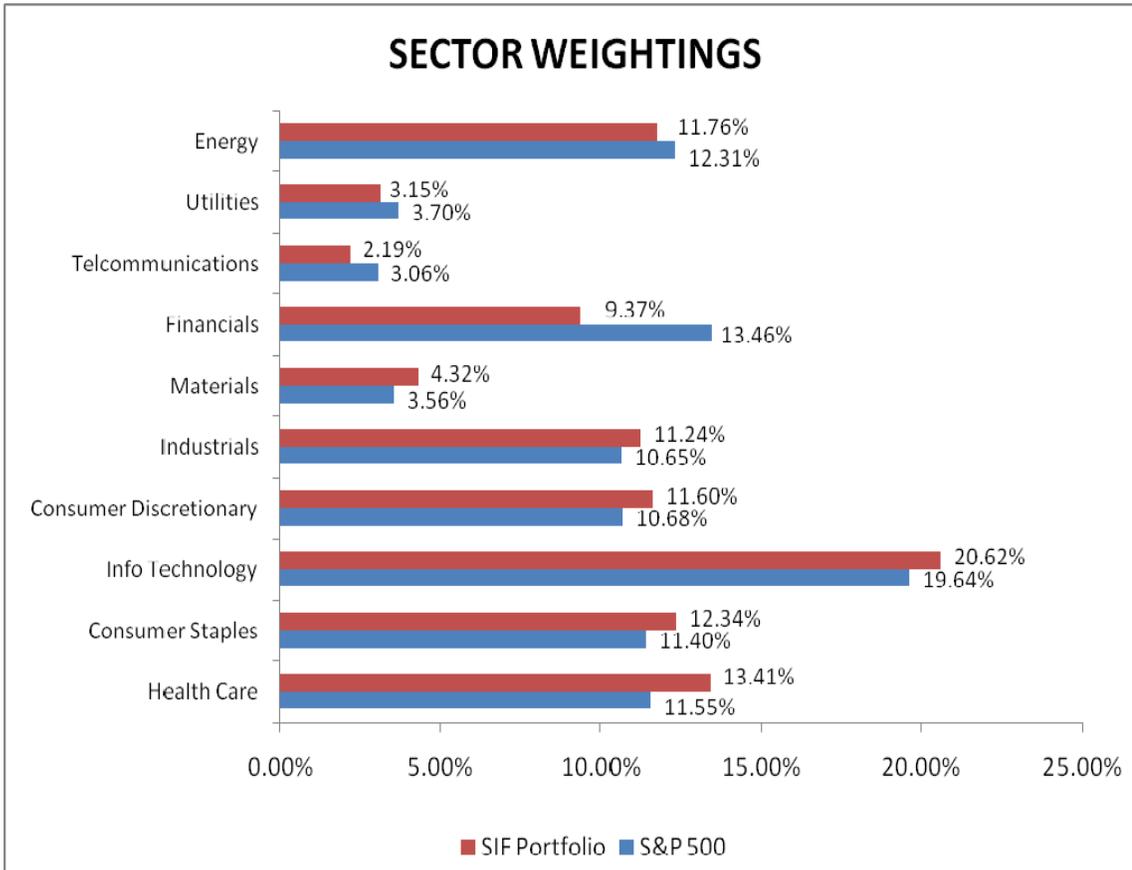


SIF PORTFOLIO SECTOR WEIGHTINGS

The Student Investment Fund uses the Global Industry Classification Standard (GICS) to determine sector weighting. As a class, the Student Investment Fund must maintain sector weightings that are no more or less than 50% of the weighting within the S&P 500. Currently, all sector weightings fall within this desired range. The current sector weightings of the Student Investment Fund and the S&P 500 are illustrated below.

Portfolio optimization was used to determine the optimal weight of each stock in the portfolio.

As of November 30th, 2011, the SIF has outperformed the S&P 500 YTD, as well as over a 1, 3, 5, and 10 year time frame.



Performance Data

	Annual Returns		Return Difference	Annualized Standard Deviation		S. D. Difference
	<u>SIF</u>	<u>S&P500</u>		<u>SIF</u>	<u>S&P500</u>	
Since 4/13/98	2.95%	2.65%	0.30%	16.56%	16.69%	-0.13%
10 Years	8.69%	5.89%	2.80%	15.68%	16.01%	-0.33%
5 Years	1.41%	-0.18%	1.59%	19.05%	19.03%	0.02%
3 Years	17.43%	14.12%	3.31%	18.06%	18.98%	-0.92%
1 Year	10.27%	7.86%	2.41%	16.79%	17.21%	-0.42%
YTD	4.90%	1.07%	3.83%	16.94%	16.70%	0.24%

RUSSELL 2000	743	2122			
CBOE VIX	21.36	-9.26	CAT	87.45	3.37
			CMP	83.64	1.26

CURRENT HOLDINGS

Security	Date Last Purchased	Shares	Cost Basis (\$)	Value	Gain/Loss (\$)
Existing Securities					
ANNALY CAP MGMT (NLY)	12/7/2010	3,839	66,537.23	62,115.02	(4,422.21)
APPLE (AAPL)	12/12/2007	275	26,086.50	107,431.47	81,344.97
AT&T (T)	12/7/2010	753	21,636.85	21,731.58	94.73
CANADIAN NATIONAL RAILWAY (CNI)	12/7/2010	1,068	64,125.21	82,300.08	18,174.87
CATERPILLAR INC (CAT)	4/30/2010	771	38,261.17	71,641.32	33,380.15
COGNIZANT TECH SOLUTIONS (CTSH)	5/3/2010	650	33,370.55	43,771.00	10,400.45
DIAGEO ADR (DEO)	12/19/2008	451	26,712.22	38,605.60	11,893.38
EXXON MOBIL CORP. (XOM)	12/7/2010	668	37,966.35	53,353.16	15,386.81
FACTSET INC. (FDS)	12/7/2010	695	45,021.04	64,780.95	19,759.91
FREEMONT-MCMORAN (FCX)	12/12/2007	660	35,064.80	25,304.40	(9,760.40)
GENERAL MILLS (GIS)	12/7/2010	1,961	69,136.62	78,910.64	9,774.02
GILEAD SCIENCES (GILD)	4/24/2007	800	18,232.50	30,984.00	12,751.50
GUGGENHEIM BRIC ETF (EEB)	5/3/2010	650	27,688.83	24,115.00	(3,573.83)
INTL. FLAVORS AND FRAGRANCES (IFF)	5/3/2010	700	35,537.38	37,352.00	1,814.62
ISHARES MSCI EMERGING MKTS (EEM)	12/14/2009	371	15,455.53	14,316.89	(1,138.64)
KIMBERLY CLARK (KMB)	12/7/2010	468	23,679.45	32,675.76	8,996.31
MASTERCARD (MA)	4/30/2010	171	42,197.76	63,152.02	20,954.26
NATIONAL FUEL GAS (NFG)	12/7/2010	704	45,887.74	40,853.12	(5,034.62)
NIKE (NKE)	12/19/2008	500	25,629.00	47,590.00	21,961.00
OCCIDENTAL PETROLEUM (OXY)	12/14/2009	591	47,267.64	52,114.38	4,846.74
PEPSICO (PEP)	5/4/2009	550	30,584.92	35,381.50	4,796.58
PRICELINE COM (PCLN)	5/9/2008	83	11,756.95	39,795.18	28,038.23
S&P DEP RCPT (SPY)	12/7/2010	5,364	603,949.86	664,867.80	60,917.94
SCHLUMBERGER (SLB)	12/19/2008	467	28,528.32	33,600.65	5,072.33
SOUTHWESTERN ENERGY (SWN)	4/30/2010	800	31,864.00	28,712.00	(3,152.00)
VARIAN MEDICAL SYS. (VAR)	12/7/2010	468	32,020.56	29,516.76	(2,503.80)
New Securities					
CLECO CORPORATION (CNL)	12/09/2011	650	\$23,317.97	\$23,317.97	N/A
SPECTRA ENERGY (SE)	12/09/2011	900	\$26,613.00	\$26,613.00	N/A
U.S. BANCORP/CLECO CORPORATION (CNL)	12/09/2011	1950	\$51,109.31	\$51,109.31	N/A
Securities Sold					
CREDIT SUISSE ADR(CS)	12/7/2010	1,628	\$63,612.80	\$38,778.96	(24,833.84)
HEWLETT PACKARD(HPQ)	5/4/2009	905	\$40,108.58	\$25,032.30	(15,076.28)

NEW SECURITIES PURCHASED THIS SEMESTER**U.S. Bancorp (NYSE: USB)**

U.S. Bancorp is a multi-state financial services holding company headquartered in Minneapolis, Minnesota. The company acts as a holding company for U.S. Bank, the fifth largest commercial bank in the United States. U.S. Bank's business is diversified, including lending and depository services, payment services, wholesale banking, wealth management, and insurance. Compared with other financial institutions suffering from the recent recession, U.S. Bancorp is an exception. The company is experiencing growth and increasing profit. Additionally, U.S. Bancorp has been very active in acquisitions, which help it enhance its assets and deposits. It boasts a healthy balance sheet, growing earnings assets and stable margins. As a result, U.S. Bancorp outperforms its comparable competitors by a large margin as far as relative valuation is concerned.



Currently, the financial sector is underweighted in the fund, and it has failed to fully recover from the recent financial crisis. Since we are required to maintain an exposure to the financial sector, we believe that U.S. Bancorp is the best way to satisfy this requirement. U.S. Bancorp's performance has been outstanding year to date, and we expect it to remain that way going forward.

Cleco Corp. New Louisiana (NYSE: CNL)

Founded in 1934, Cleco Corporation is a utility holding company based in Pineville, Louisiana. Its main businesses are generation, transmission, distribution, and sale of electricity to customers and communities. Cleco has a very high reputation for restoring power after natural disasters. It has received awards from the Edison Electric Institute many times, which is presented to only one U.S. company each year.



The competitive environment of Cleco is characterized by intense rivalry. At present there are more than 20 companies providing electric power in Louisiana, including one of the nation's largest electricity generation companies, AEP. However, Cleco's performance is good compared to its local competitors. Cleco is now serving 279,000 customers and 108 communities in Louisiana. Long history, excellent reputation, and reliable service have helped Cleco become one of the leading companies among Louisiana utilities.

Currently, the utilities sector is underweighted by the SIF. In addition, the macroeconomic committee believes that the electric utility industry is the most promising industry in the utilities sector. Cleco has excellent overall performance in relative valuation and is believed to be undervalued by the market. The decision to purchase Cleco will help further diversify our fund and improve its risk adjusted return.

The sector weights in the current SIF portfolio reflect the recommendations issued by the Macroeconomic Committee.

NEW SECURITIES PURCHASED THIS SEMESTER**Spectra Energy Corporation (NYSE: SE)**

Spectra Energy Corporation has natural gas and natural gas liquid assets in the United States and Canada. Their assets are positioned in the Canadian Tar Sands as well as along the Eastern and Southeastern United States. They operate one of the largest pipeline systems in the United States, taking natural gas from The Gulf of Mexico to New York.



Spectra was formed in 2006 after being spun off from the parent company Duke Energy, breaking apart the pipeline assets from the company. Through recent acquisitions, Spectra now controls three parts of the natural gas value chain: gathering and processing, transmission and storage, and distribution.

Since the SIF decided to increase its exposure in the energy sector, investment in Spectra helps achieve this goal. Moreover, currently none of the stocks in SIF portfolio are midstream companies. Therefore, Spectra should greatly benefit the SIF in terms of diversification within this sector.

**HIGHLIGHTS
FALL 2011**

SIF now has a Facebook group!

Join us on Facebook!

Just search for:



TU Student Investment Fund



ECONOMIC CONDITIONS — SEMESTER IN REVIEW

The economic environment continues to face strong headwinds as the global economy emerges from the financial crisis. While economic output has begun to gain footing in the United States, emerging economies have begun to show signs of slowing growth while instability in the European Union has caused capital markets world-wide to continue their “risk-off” trends started in 2008.

The instability in Europe has been on the forefront of the minds of market analysts and investors throughout this past semester and as such was a topic of constant conversation within the SIF. From our perspective, there is little central banks or the EFSF can do to derail a seemingly inevitable European recession though we do not doubt that the ECB and IMF will take the necessary steps to recover from any recession the Eurozone may face as quickly as possible. Recently, the ECB lowered 2012 European GDP expectations to between -0.4% and 1.0%. To manage this risk to our fund, the macroeconomic committee suggested that positions in companies with high European exposure be limited while new additions to the fund be more centralized in U.S. markets.

Despite the instability of European markets, U.S. markets have begun to recover in the second half of 2011. The U.S. unemployment rate has decreased (regardless of changes in the metric’s denominator) to 8.6% while initial jobless claims have decreased from 421,000 to the recent 381,000 over the course of the semester. We recognize the sensitivity of U.S. economic recovery based on these still-elevated levels but do note the decrease as being, hopefully, indicative of a long-term trend. On the other hand, the housing market has yet to improve to the same degree as reported unemployment and for this reason we still anticipate some level of strain on U.S. consumers until a rebound can be sustained. However, it is our view that housing prices at current levels may be resulting in a new “norm” for U.S. consumers; that is, depressed housing values may not weigh on the minds of average U.S. consumers as much as they had since the market began declining in early 2009. For this reason, we are more optimistic for the U.S. consumer, and especially retail than we were at the beginning of the semester but continue to remain cautious as indicators are inflated for the holiday season.

There are various industries within each sector that the macroeconomic committee favors over others, but overall we are bullish on the energy, utility, consumer staples, technology, and healthcare sectors. We are neutral on the consumer discretionary, materials, industrials, and telecommunication sectors. We are bearish on the financial sector.

Going forward, we note the threats to the sustainability of U.S. growth coming from three major sources: instability within the global banking system (especially European banks), the impending threat of high inflation as the money supply has sky-rocketed, and the continued nonsensical approach to controlling the spiraling U.S. debt displayed by members of government. While we note the real threat that these realities pose on market stability, we are generally more optimistic as we go into the close of the semester than we were in August.

HIGHLIGHTS FALL 2011



The SIF fall 2011 class held an information session in Helmerich Hall on November 2nd. It was a great opportunity to promote the SIF class. This event was very successful and attracted a number of students who stopped by to learn more about SIF.



The SIF class was recognized at the Friends of Finance meeting on December 8th. We are honored to have had this recognition and would like to give a heartfelt thanks to all supporters and contributors of the SIF.

GUEST SPEAKERS

Steve Wyett, CFA, SVP Portfolio Management at Bank of Oklahoma, was our first speaker for the fall 2011 semester. Mr. Wyett brought his views of 2011 Q3 economic and financial conditions, plus some of his opinions about how to explain, analyze and forecast current conditions. Also, Mr. Wyett shared with us how he started his financial career, informing us to prepare to welcome both challenges and opportunities as we enter the workforce. Mr. Wyett also discussed the importance of working towards the CFA certification. He stressed that passing the CFA exams could offer us better job opportunities.



Mark Wilson, chairman, president & CEO of NorthStar Energy, Inc., was our second guest speaker for the semester. Mr. Wilson received a B.S. in Chemical Engineering from OSU and an MBA from the Harvard Graduate School of Business. Throughout his career, Mr. Wilson has held a variety of positions, ranging from Refinery Process Engineer to Senior VP at Conoco, Koch, Williams, and Coronado Resources. With his rich knowledge and experience in the energy industry, Mr. Wilson discussed the energy industry, energy value chain, and master limited partnerships, along with some important metrics we should focus on when evaluating companies within energy industry. Mr. Wilson also shared with us his opinion on some potential energy companies that might be suitable for SIF portfolio.



Jake Dollarhide, Owner and CEO of Longbow Asset Management, was our final speaker of the semester. During his speech, Mr. Dollarhide provided the class information on the assets he currently manages, including sector weightings, mutual fund investment choices, and overall performance. He also shared with us his personal opinions on how to deal with the tradeoff between high risks and abnormal returns regarding star stocks. In addition, Mr. Dollarhide shared his analysis on individual stocks such as Apple, as well as his current views on various sectors and industries.



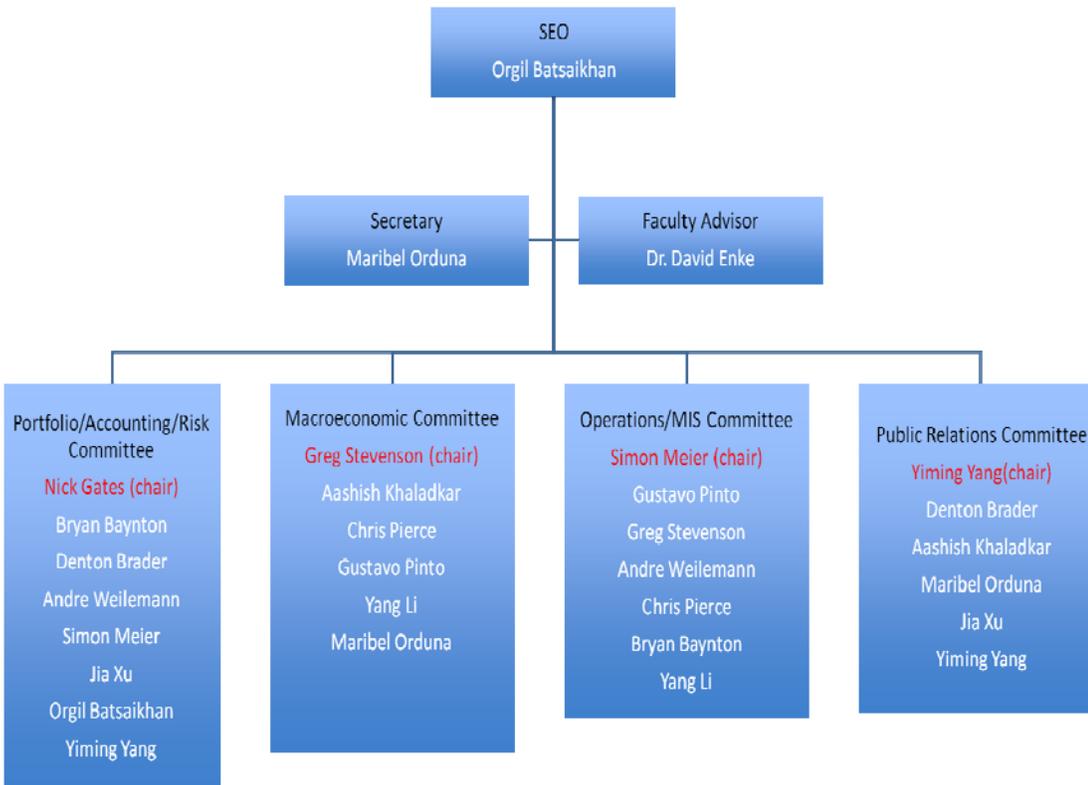
The Student Investment Fund would like to thank our guest speakers!

GUEST SPEAKERS

It was an honor and pleasure to have Steve Wyett, Mark Wilson and Jake Dollarhide as guest speakers in the SIF class. They provided the SIF analysts with interesting insights about the world of finance and shared their views on the present economic environment.

If you are interested in speaking to the SIF class, please contact Tally Ferguson at tally-ferguson@utulsa.edu

SIF ORGANIZATIONAL STRUCTURE — FALL 2011



LOOKING FORWARD

Currently, the outlook for the SIF portfolio depends heavily on the current global macroeconomic environment. Due to the volatile crisis currently engulfing the Eurozone, the struggling U.S. economy, and the general uncertainty that is surrounding global financial markets, the future of our portfolio appears uncertain.

Based on our current holdings, the SIF portfolio is well positioned to handle this uncertainty. While there is special concern for the portfolio holdings within the financial sector, we are optimistic that the fund will perform favorably over the course of the next year. After conducting new security analyses, we have picked several strong, yet undervalued securities. We expect the addition of these securities to ultimately strengthen our fund and yield strong returns throughout next year.

The Fall 2011 Student Investment Fund would like to give special thanks to all of our supporters and contributors who make the Fund possible.



CONTACT INFORMATION

If you have questions or are interested in learning more about the SIF, please contact Tally Ferguson at tally-ferguson@utulsa.edu.



Write to us!

**We would love to
hear from you!**

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