



FLORIDA INTERNATIONAL UNIVERSITY
STUDENT MANAGED INVESTMENT FUND
CLASS OF 2010
ANNUAL REPORT
April 30, 2010

From the Faculty Advisor to The Student Managed Investment Fund



April 30, 2010

On behalf of the students in the FIU Student Managed Investment Fund program's Class of 2010, I am pleased to present the first FIU "SMIF" Annual report for the period ending April 30, 2010. On April 30, 2009 the value of our portfolio was \$196,942.55 and we closed the year on April 30, 2010 with a value of \$204,169.89. The actual total return for the period was 3.67%. In consideration of the fact that less than one quarter of our portfolio was invested during the majority of the year, we are very pleased with these results.

The Class of 2010 inherited a portfolio whose main holding was cash, which was held in the Fidelity Money Market Fund (FSLXX). The previous group tasked with managing the SMIF portfolio made a few investments, detailed in the *Transactions* section of this report. The SMIF healthcare sector team recommended that we continue to hold our shares of Bristol Myers Squibb (BMY) until predetermined sell and/or stop prices are hit. Our main holding other than cash, the S&P 500 ETF (SPY), was sold when shares hit our short call price of \$115 in March 2010.

Over the past academic year, the Class of 2010 has been learning research and analysis methods, utilizing the resources in our Capital Markets Lab. The group worked diligently screening, evaluating, and finally presenting their investment selections to our Advisory Board on April 7th and 14th, 2010. The approved selections and purchase information is listed in *Transactions* section of this report.

The support of the business community has been outstanding. Many individuals have shared their time and knowledge with our students and this has been an invaluable gift. Their names and company affiliations are listed below. I am very grateful to Mrs. Alma Reisen-Puerto, who has acted as the Secretary to the SMIF and to the SMIF sector team managers who

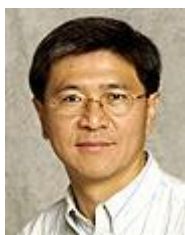
assisted in the completion of this report, as well as managing their teams, especially Mr. Alex Tarhini who acted as my editor for this report and wrote more than his share of the content.

This experience has been extremely rewarding for me, as the Class of 2010 are truly a bright, mature and hard working group. It is a wonderful experience to work with a group of young people who value this experience and take it so seriously.

The buzz word of the current investment climate seems to be *risk*. We have adapted our applied education to deal with this by incorporating financial risk management into the process. All of the positions in the SMIF portfolio are hedged, either with stop orders, protective puts or collars. Some may be critical of our slow investment process, but we cannot lose sight of the fact that this is primarily an educational endeavor and doing things right takes time. Therefore, despite the ongoing uncertainty of the investment climate, we are confident that the FIU SMIF will provide invaluable opportunities for learning as students in future classes apply their training to managing a real portfolio equipped with the tools to weather the storm.

Helen K. Simon, CFP®, DBA
SMIF Faculty Advisor

From the Chairman of The Finance and Real Estate Department



April 30, 2010

The Student Managed Investment Fund (SMIF) at FIU was established in February 2009. Although it is still at its infancy, I am pleased to say that the SMIF has had what I deem to be a successful year. The SMIF has made a number of equity investments thus far; and each investment is properly hedged for downside risk. In my opinion the SMIF has met its goal in just a little over a year.

While only a select group of undergraduate finance majors and graduate MSF (Master of Science in Finance) students participate in the SMIF, the program has benefited all finance majors. The SMIF has energized FIU's students, faculty, alumni, and the business community. During the past year, our students traveled to the R.I.S.E. Forum at the University of Dayton. Professional development seminars have been hosted on campus and numerous outside speakers have visited our state-of-the-art Capital Market Lab (CML). All of those events will allow our faculty to help place more students within the financial industry.

In the coming year, the SMIF will allow non-finance students to also have the experience of managing money. We will change the SMIF curriculum requirements by creating two finance electives that are open to all majors. One such course addresses investment ethics, corporate governance, and social responsibility and the other focuses on applied research and valuations. In addition, the research hardware and software in the CML have stimulated new research projects for the faculty and students.

The Department of Finance and Real Estate will continue to develop innovative and effective programs to enhance students' ability in applied financial techniques, with emphases on ethics and social responsibility that help to create a truly transformational educational experience for our students. We appreciate your continuous support in this endeavor.

Chun-Hao Chang, Ph.D
Chair, Department of Finance and Real Estate

Our Donors

None of this would have been possible without the generous donations of Ms. Dany Garcia and Mr. R. Kirk Landon.

Our Advisory Board

We would like to express our deepest appreciation to our outstanding SMIF Advisory Board members who have taken time out of their busy schedules during the past academic year to meet with our class and offer their insight and expertise.

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COO of Global Managed Investments
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NYC, NY 10019

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We would like to thank **THINKORSWIM®**, a subsidiary of TD AMERITRADE HOLDING CORPORATION, for providing a platform for our students to *paper trade* and greatly enhance their trading knowledge through webinars and tutorials. We also appreciate the assistance and considerations that THINKORSWIM® has provided in housing our SMIF assets.

The members of the SMIF Class of 2010

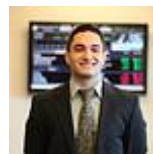
Our Team Managers:



Sofia Bitela



Jacques Holtzman



Alejandro Medina



Nina Nikolic



Alex Tarhini

SMIF class members:

<i>Jorge Acosta</i>	<i>Michael Alfaro</i>	<i>Gian Alonso</i>	<i>Daniel Alvarez</i>	<i>Michael Antczak</i>
<i>Ruzy Behnejad</i>	<i>Kseniia Bezkrovna</i>	<i>Michael Cooper</i>	<i>Mariano Cuesta</i>	<i>Rafael De Armas</i>
<i>Joshua Emory</i>	<i>Jason Gold</i>	<i>Mauricio Herrera</i>	<i>Diana Jara</i>	<i>Habiba Kathiria</i>
<i>Edo Licina</i>	<i>Kevin Martin</i>	<i>Ricardo Nieto</i>	<i>Eiryamar Parralucus</i>	<i>Edwin Perez</i>
<i>Alejandro Plata</i>	<i>Marcos Puente</i>	<i>Ali Rajaii</i>	<i>Jean Roseme</i>	<i>George Shaeffer, III</i>
<i>Albert Soulier</i>	<i>Virginia Verona</i>	<i>Rowena Zacharia</i>		

History of the FIU SMIF

Founded in 2008, the Fund was originally spearheaded as an investment club that would gather every week to exchange ideas. Eventually, the club received donations that launched the Student Managed Investment Fund and created a class for graduate and undergraduate students which served as a means for obtaining knowledge and hands-on experience in equity-analysis and portfolio management. The Fund is arranged into a student-run, faculty-advised structure with graduate and undergraduate students. With the assistance of the Faculty Advisor, Dr. Helen Simon, CFP®, it engages in thorough research and Fundamental analysis for equities, ETFs, and ADRs to discover undervalued and profitable long term positions in the US markets. To ensure minimization of risk and proper risk mitigation, the team uses effective means of diversification and risk management tools including, but not limited to, sector diversification, correlation coefficients, technical analysis (assisting in entry and exit points), and option strategies.

Segmented into sector teams comprising of one sector manager per team and multiple sector analysts, the teams exchange ideas and stay up to date on sector and market news. Additionally, the Fund uses the University's research lab, otherwise known as the Capital Markets Lab, as a tool for researching and gathering. The lab consists of 49 dual-screen terminals with a variety of finance and business software consisting of trading platforms, research tools, and risk management programs. The main software used includes Bloomberg Professional (15 terminals; overall research and analysis), ThinkOrSwim (placing positions), and Crystal Ball (risk management analysis).

The process of research and analysis involves in-depth research revolving around many different approaches used widely and innovatively. The teams first analyze the sector and its various industries. Each industry consists of its individual drivers and Fundamentals; the history, current outlook, and future outlook are all taken into consideration. Once the industries have been analyzed, an equity screening process begins using Bloomberg Professional based on respective metrics. After the securities are chosen, an analysis is required. The business models, profitability, liquidity, growth, efficiency, and other aspects are assessed and measured. Because every security has different risks involved, the risks involved in taking the positions that are chosen must be carefully realized. Option strategies are then realized and used to manage risk. The teams then create reports and gather to pitch the positions to the Faculty Advisor and, with approval, to the Advisory Board.

The Fund has been, thus far, an amazing experience that has given students an advantage to better initiate their careers. As the students graduate, they pave the way for newer analysts to gain further knowledge in equity analysis and portfolio management. The Fund is essential in providing experience and knowledge unseen in your average classroom.

Portfolio as of April 30, 2010

DESCRIPTION	QUANTITY	PRICE PS	TOTAL VALUE	% OF PORTFOLIO	ANNUAL DISTRIBUTION	ANNUAL YIELD
CASH	43.30	1	43.30	0.021%		
EQUITIES						
BRISTOL MYERS SQUIBB CO	350	25.31	8,858.50	4.339%	\$ 448.00	5.06%
KIMBERLY-CLARK CORP	300	61.26	18,378.00	9.001%	\$ 792.00	4.31%
MAGELLAN MIDSTREAM PARTNERS	325	47.59	15,466.75	7.575%	\$ 936.00	6.05%
NOVARTIS AG-ADR	300	50.85	15,255.00	7.472%	\$ 495.89	3.25%

SOUTHERN COPPER CORP	400	30.58	12,232.00	5.991%	\$ 720.00	5.89%
TEVA PHARMACEUTICAL INDS ADR	200	58.73	11,746.00	5.753%	\$ 106.99	0.91%
OPTIONS						
KMB 20101016 CALL 67.50	-2	0.49379	(98.76)			
KMB 20101016 PUT 52.50	3	0.78	234.00			
ZAH 20110122 CALL 75.00	-3	0.07349	(22.05)			
ZAH 20110122 PUT 45.00	3	1.55963	467.89			
OQV 20110122 PUT 52.50	2	2.59952	519.90			
OQV 20110122 CALL 75.00	-2	0.56962	(113.92)			
MUTUAL FUNDS						
FIDELITY SELECT MONEY MARKET¹	121,203.28	1	121,203.28	59.364%		
TOTAL PORTFOLIO			204,169.89	100.000%	\$ 3,498.88	1.71%

Academic Year Transactions

5/01/2009 – 4/30/2010

Type	Trade Date	Symbol	Quantity	Description	Price	Net
B	5/5/2009	FSLXX	147524.95	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 147,524.95
S	5/21/2009	MOS	400	MOSAIC	\$ 54.23	\$ 21,684.44
B	5/27/2009	FSLXX	21704.44	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 21,704.44
B	9/9/2009	SPY	200	SPDR TRUST SERIES 1	\$ 103.31	\$ 20,666.98

¹ 7-day yield as of 04/30/2010 is 0.09% per <http://eresearch.fidelity.com/eresearch/goto/evaluate/snapshot.jhtml?symbols=FSLXX>.

BTO	9/9/2009	SWGXO	2	SPDR TRUST SERIES 1 DEC '09 @ 93 PUT	\$ 2.41	\$ 485.01
S	9/9/2009	FSLXX	21151.91	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 21,151.91
B	9/22/2009	SPY	200	SPDR TRUST SERIES 1	\$ 107.19	\$ 21,442.98
STO	9/22/2009	RDQLK	4	SPDR TRUST SERIES 1 DEC '09 @ 115 CALL	\$ 1.67	\$ 661.96
BTO	9/22/2009	RDQXQ	2	SPDR TRUST SERIES 1 DEC '09 @ 95 PUT	\$ 1.81	\$ 365.01
S	9/22/2009	FSLXX	21146.03	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 21,146.03
S	10/31/2009	MON	240	MONSANTO	\$ 67.04	\$ 16,084.97
S	11/24/2009	BMY	320	BRISTOL MYERS SQUIBB	\$ 25.00	\$ 7,994.78
B	12/1/2009	FSLXX	7994.78	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 7,994.78
STO	12/21/2009	SPYCK	4	SPDR TRUST SERIES 1 MARCH '10 @ 115 CALL	\$ 2.63	\$ 1,045.95
BTO	12/21/2009	SWGXA	4	SPDR TRUST SERIES 1 MARCH '10 @ 100 PUT	\$ 2.61	\$ 1,050.02
S	12/21/2009	FSLXX	4.07	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 4.07
B	2/2/2010	FSLXX	348.08	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 348.08
S	3/18/2010	SPY	400	SPDR TRUST SERIES 1	\$ 115.00	\$ 45,984.41
B	3/24/2010	FSLXX	45985.41	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 45,984.41
B	4/9/2010	KMB	300	KIMBERLY-CLARK CORP	\$ 61.48	\$ 18,449.00
B	4/9/2010	MMP	325	MAGELLAN MIDSTREAM PARTNERS US5590801065	\$ 48.03	\$ 15,609.75
B	4/9/2010	SCCO	400	SOUTHERN COPPER CORP	\$ 34.81	\$ 13,930.00
STO	4/9/2010	.KMB	3	KMB 2010 Oct 16 C @ 67.500	\$ 0.55	\$ 106.96
BTO	4/9/2010	.KMB	3	KMB 2010 Oct 16 P @ 52.5	\$ 0.85	\$ 259.54
S	4/9/2010	FSLXX	48146.25	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 48,146.25
B	4/15/2010	NVS	300	NOVARTIS AG-ADR	\$ 53.71	\$ 16,118.00
STO	4/15/2010	.NVS	3	NOVARTIS AG-ADR Jan 22 C @ 75.000	\$ 0.05	\$ 14.48
BTO	4/15/2010	.NVS	3	NOVARTIS AG-ADR Jan 22 P @ 45.000	\$ 0.90	\$ 278.57
B	4/15/2010	TEVA	200	TEVA PHARMACEUTICAL INDS ADR	\$ 56.73	\$ 12,518.46
STO	4/15/2010	.TEVA	2	TEVA PHARMACEUTICAL INDS Jan 22 C @ 75.000	\$ 2.19	\$ 199.77
BTO	4/15/2010	.TEVA	2	TEVA PHARMACEUTICAL INDS Jan 22 P @ 52.5	\$ 1.76	\$ 355.84
S	4/15/2010	FSLXX	29100	FIDELITY SELECT MONEY MARKET	\$ 1.00	\$ 29,100.00

Academic Year Capital Gain/Loss

5/01/2009 – 4/30/2010

Security	Quantity	Buy Date	Sell Date	Cost	Proceeds	NET G/L	HPR
MOS	400	4/16/2009	5/27/2009	\$ 17,967.99	\$ 21,684.44	\$ 3,716.45	20.68%
MON	240	4/16/2009	11/4/2009	\$ 19,680.00	\$ 16,084.97	\$(3,595.03)	-18.27%
BMY	320	4/2/2009	11/30/2009	\$ 7,072.00	\$ 7,994.78	\$ 922.78	13.05%
SPY	200	9/9/2009	3/23/2010	\$ 20,666.98	\$ 22,992.21	\$ 2,325.23	11.25%
SPY	200	9/22/2009	3/23/2010	\$ 21,442.98	\$ 22,992.21	\$ 1,549.23	7.22%

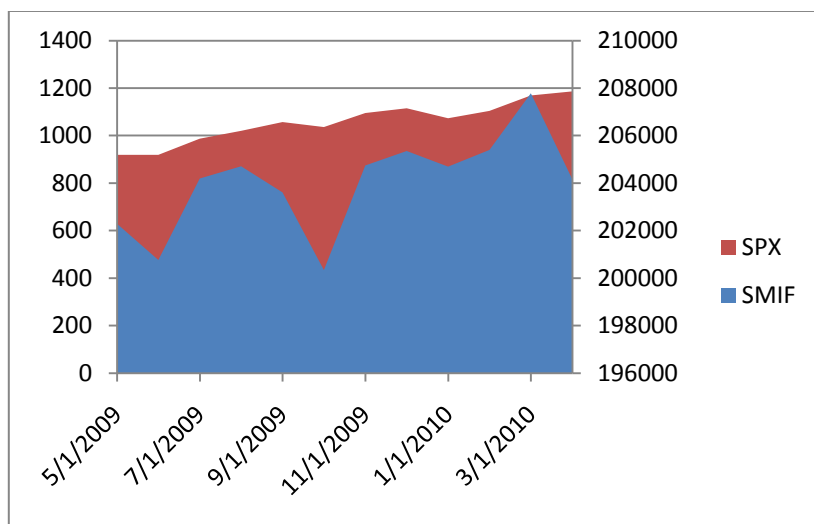
Academic Year Dividends and Interest

5/01/2009 – 4/30/2010

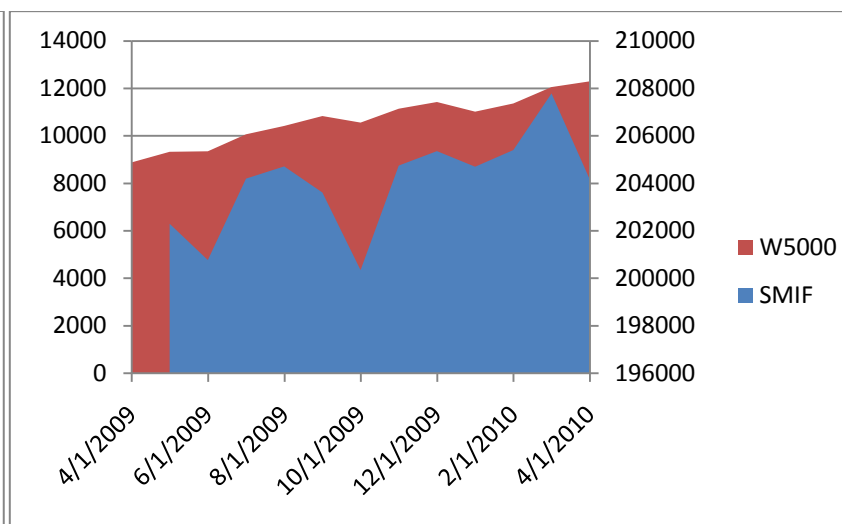
Period	Total
5/1/2009 - 12/31/2009	\$ 1,065.89
2010 YTD	\$ 378.08

Comparisons

SMIF VS SPX



Wilshire 5000 VS SMIF



Sector Team Manager Reports

Basic Materials Sector

Defined by an array of characteristics, the Basic Materials Sector includes numerous industries including, but not limited to: metals & mining, chemicals, construction materials, paper & forest products, and containers & packaging. The sector is primarily characterized by its hypersensitivity to economic growth, significant barriers-to-entry, and rapid pace of technological change, along with its regional and global pricing. Given its high operating leverage, firms within this sector perform above average during booms and below average during busts.

At the current stage of our analysis, we believe the Basic Materials Sector contains considerable room for rebounds and further growth. Noting the underperformance of the Basic Materials Sector relative to the S&P 500, investment opportunities seem available. As the national economies emerge from a global slump, we believe that the metals and mining industry poses the greatest opportunities.

There is visibility of operational restructuring, leading into upstream operations, as opposed to downstream operations. As developed and developing nations begin to contribute to the world economy again, the prices of basic materials are forecasted to grow tremendously in the near future. With limited accessibility to mineral rights, those firms positioned strategically in the upstream operations of the industry are positioned at an advantage over their downstream counterparts. We believe there are few players in the industry who are using their size and untied capital to effectively increase their market share in the mining and refining of materials.

- **Alejandro Medina , Team Manager**



Consumer Staples Sector

The consumer staples sector is comprised of companies involved with beverages, food retail, food products, and household goods. These companies for the most part are very mature and have little room for organic growth. They grow by acquiring smaller brands or strategic partners in new regions. After doing some research we have decided to look into a company with a great dividend return, or a well established household good company.

The world suffered a financial crisis in the last couple of years, and although there has been some recovery we do not see the situation getting much better in the short term. The consumer staples sector is a great investment play during these times, because when all is said and done, people still need shampoo.

- **Jacques Holtzman, Team Manager**



Energy Sector

At the current stage of our analysis of the Energy Sector, we have come to numerous outcomes that have led the team to concluding an investment strategy at the sub-industry level. Applying our overall portfolio investment strategy and risk tolerance, we believe that the most attractive sub-industry for the SMIF portfolio can be found in the Master Limited Partnership (MLP) structure, specifically in the integrated coal and refined petroleum transport spaces.

We believe the energy space to be attractive for investment at the broadest level as the recession turns and global consumption and energy usage increases with key catalysts such as emerging middle class markets - which leave the energy sector poised for high growth. Recently we have witnessed confirmation of this as M&A has picked up tremendously in the energy sector. Deals have been large and aggressive, implying industry insiders are fully committed and believe the sector is undervalued for its implied growth. We believe this leads to opportunity in the sector, however excess returns will not be achieved by following the headlines. Although these acquisitions have been strategic, the negatives in investing in the buyer is waiting for the parties to synergize and streamline until positive cash flow returns (low earnings growth in the near

term), along with the risk of over valuations of acquisitions which can hurt the company in the long run. Investing in potential sellers will not fit our investment strategy or risk profile.

Instead, we find the attractive markets to be the areas of Energy that will benefit from the same overall catalysts, yet in a more stable environment. We have found potential investments in the integrated coal space and refined petroleum pipeline areas. Coal accounts for 50% of US power generation and is a great hedge to the petroleum product space as it will diversify our portfolio to account for total energy usage. Midstream pipeline companies benefit from increasing energy activity, as US refineries primarily use pipeline to transport products. The risk for these areas is mitigated by low commodity exposure and long term contracted revenues. As MLPs, they have high and steady payouts to their investors, as well as low correlation to the overall market. We believe these factors make the MLP coal and pipeline space the best allocation for the Energy sector of the SMIF portfolio.

- **Alex Tarhini, Team Manager**



Healthcare Sector

The healthcare sector, historically a defensive sector, continued to demonstrate its resiliency in this recent recessionary period with unprecedented mergers and acquisitions activity throughout 2008 and 2009. Notable examples include Genentech and Roche (\$46.8 B USD), Pfizer and Wyeth (\$68 B USD), Bristol-Myers Squibb and Medarex (\$2.4 B USD), and a merger of roughly \$11.2 B USD between Novartis and Alcon has been announced. This trend of M&A activity will likely continue as the major pharmaceutical companies face expirations on patents of their highest revenue-generating products with minimal pipeline products to replace them.

Another major force impacting the healthcare sector includes the recent move towards healthcare reform. While mixed opinions abound regarding the legislation's impact on the sector, pharmaceutical and biotechnology drugs consist of only 10% of overall healthcare costs. The pharmaceutical and biotechnology industries stand to either maintain the status quo or

even reach a net positive effect as the legislation opens up their products to a broader consumer base. As such, the healthcare sector portion of the portfolio has decided to focus on pharmaceutical and biotechnology companies. Once the final results of the healthcare reform effort have been confirmed and clearer signs of its impact on the sector can be determined, then perhaps in the future managed care companies (MCOs) and medical device companies can be included.

- **Sofia Bitela, Team Manager (MSF'10)**



Industrials Sector

Industrials performed very well this year and the sector as a whole has growth potential as the economy recovers. There has been significant deleveraging in the industrials and manufacturing sectors. A large number of companies have strong capital positions which could lead to increase in capital spending during the course of the year. There is also an increase in the M&A activity as the companies look for possible sources of growth and expansion into new markets.

The February economic data are giving mixed indicators about the prospects of the overall economy which is a fair indicator of the aggregate performance of companies in the Industrial sector. There has been a continued decline in construction spending confirming the oversupply of residential and commercial space and possible tightened spending on infrastructure. Therefore, companies operating in the subsectors building materials and construction and engineering are likely to underperform in the near future.

The ISM's new orders and backlog have increased in February in following industries: Printing & Related Support Activities, Machinery, Fabricated Metal Products, Transportation Equipment, and Electrical Equipment.

Opportunities lie in the industries that do not have excess capacity utilization such as farm machinery as well as industries that are not very capital and labor intensive. Other opportunities lie within the defense sector for companies that supply body scanners and security technological devices as most of the airports in the US and elsewhere in the world are lacking the

proper screening instruments. Small and mid-cap companies that operate in the niche markets may be attractive as potential takeover targets as the M&A activity picks up. Many of the energy intensive subsectors such as airlines, transportation, and freight may be hurt if we experience a spike in oil prices.

- **Nina Nikolic, Team Manager**



Investment Review and Outlook for 2010/2011

(Written January 2010)

In 2009 we witnessed the market go from a freefalling drop to an annual bottom and recovery. This came with improvements in global economic conditions and some return to healthier levels in the financial markets. From the March lows until January 2010, the market brushed off periods of weakness and continued forward until the S&P 500 reached its current high of about 1150 points. This provided substantial positive returns on risky assets, and the selling of safer assets such as the US dollar. During this period the markets witnessed key cyclical sectors follow the typical business cycle recovery, such as consumer discretionary, financials, and technology, which all posted substantial gains. We believe this rebound was justified by an over-selling of equities due to panicking investors and traders, which led to undervalued companies, along with an overall undervalued market. This was fueled by monetary policy taken by the Fed, keeping interest rates at an all time low. The low return on government debt promoted the risk trade. Evidence could be seen in the 10 year Treasury yield moving from 2.2% to 3.5% and the tightening of credit risk spreads, as investors demanded more return.

Shifting from 2009 to 2010, we see the transfer from a multi-expansion equity rally to cyclical equity gains. These increases are expected to be based more on earnings and economic data, rather than the shift in sentiment and risk trade we saw in 2010. Along with this we expect the Fed to begin to reverse its monetary policies, and begin raising rates towards the end of the year. This would mean any developments in the markets would have to come from fundamental improvements in the underlying businesses and economic cycle. We see unemployment and the deleveraging of the consumer, financial, and public industry as a major headwind for the market. Referring to the early 80's recession, it took over 3 years for the US's

10.4% level of unemployment (comparable to today's rates) to return to levels around 7%. With this, we would only expect modest gains in the overall equity market for 2010.

Although we expect the change in interest rates to occur sometime toward the end of this year, they are currently still at the near zero rates we have had throughout the recovery. Taking this into consideration, we believe in maintaining a position in risky assets and continuing to look for opportunistic events across the markets. This means using an active management strategy; seeking for potentially undervalued companies along with those that are poised for growth in this environment. As many of the winners have been spotted in the recent rally, we believe this year will determine the analysts' ability to identify successful investments that have Fundamental justification for growth or value.

- Alex Tarhini

Investment Policy for Student Managed Investment Fund (SMIF) at FIU

As of September 30, 2009

Purpose:

The purpose of this policy is to provide guidelines for the investment of the Funds of the Student Managed Investment Fund (SMIF) at FIU.

Objective of Fund:

The objective of the Fund is to provide FIU students with a tool to enhance their learning of equity investment management strategies and techniques; subject to fiduciary responsibilities of third party financial managers.

SMIF Strategy:

The SMIF will be managed to maximize risk adjusted returns relative to the S&P 500, using portfolio diversification techniques to minimize nonmarket risk.

Policies:

1. The Fund seeks above-average returns by investing in securities that are determined, through analysis by student analysis teams, to be undervalued or poised for abnormal future growth. The analysis of the portfolio investments will be based on commonly accepted fundamental intrinsic valuation techniques, e.g., discounted cash flow models. Portfolio sales will be based on the same type of analyses.
2. The portfolio will consist of publically traded common stock investments and Exchange Traded Funds (ETFs) listed on the NYSE, AMEX, or NASDAQ. Cash and/or money market funds may also be employed for non-invested funds, along with protective put options, covered call options and option collars as risk management tools only. No individual position shall have a five year average standard deviation of more than twice that of the five year average standard deviation of the SPY ETF.
3. Portfolio stock purchases will be for cash; no margin trading will be permitted.
4. Short positions and naked derivative trades are not permitted.
5. Sector analysis is required as part of the fundamental stock analysis.
6. No stock sector will comprise more that 20 percent of the portfolio and no individual stock position will comprise more than 10 percent of the entire portfolio
7. Fifty (50) percent of the net annual gain will be reinvested into the Fund. The remainder of the net gain will be distributed to the CBA Capital Market Laboratory (CML). Should an annual loss incur, the cumulative loss must be recovered before distributions are made.
8. This policy can be amended and revised as needed.

Management:

The SMIF will be managed by a portfolio manager selected by the SMIF Investment Committee (usually the Faculty Advisor).

The SMIF Advisory Board will be comprised of the portfolio manager, the chair of the FIU Department of Finance and Real Estate or his/her designee, and a varying number of outside business professionals.

The SMIF Investment Committee will be comprised of A faculty member designated by the Executive Dean of the College of Business from the Finance and Accounting faculty in consultation with the Department Chair of the Finance and Real Estate Department and the Director of the School of Accounting will be a member of the Investment Committee, along with another member chosen by and from the FIU Foundation Board of Directors. The FIU Foundation through its Investment Committee has ultimate authority over investment decisions as defined in the FIU Foundation Investment Policy.