



Student Managed Investment Fund
Annual Report 2014-2015

Table of Contents

I. About the SMIF

II. Investment Methodology

III. Letter from Faculty Advisor

IV. Investment Policy

V. Investment Risks

VI. Sector Descriptions

VII. Transactions

VIII. Advisory Board

IX. Student Participants

X. Current Holdings

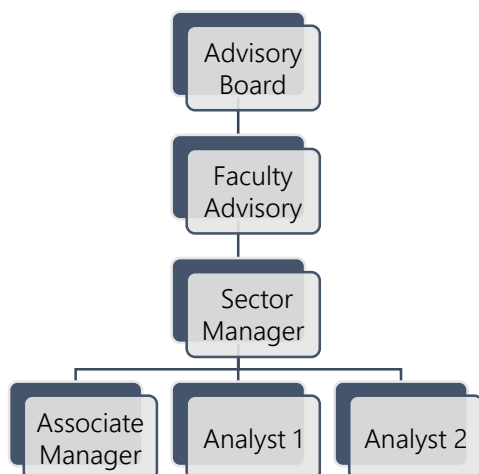
XI. Performance



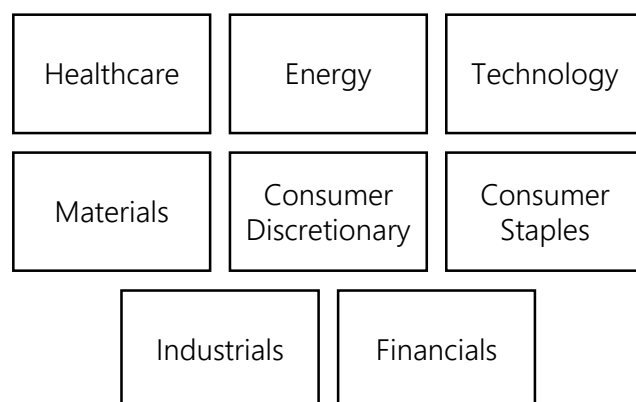
About the Student Managed Investment Fund

- Founded in 2008, the SMIF was originally spearheaded as an investment club whose participants gathered every week to exchange ideas. Eventually the club received donations that launched the Student Managed Investment Fund as it is known today – a for-credit course for undergraduate students. The purpose of the course is to gain hands-on experience in equity-analysis and portfolio management. Under the guidance of faculty advisor, Flavio Carrillo, students engage in fundamental analysis of equities to discover undervalued and profitable long term positions in U.S. markets. To minimize portfolio risk, the team uses effective means of diversification and risk management tools including, but not limited to, sector diversification, top-down analysis, and mean/variance optimization.
- Segmented into sectors comprising of one sector manager per team and multiple analysts, the students exchange ideas and stay up-to-date on market news. SMIF students utilize the Capital Markets Lab as a research facility. The lab consists of 49 dual-screen computer terminals equipped with a variety of finance and business software. The terminals house trading platforms, research tools, risk management programs, and market simulations. Key databases include Bloomberg Professional (16 terminals; overall research and analysis), IBISWorld industry research, S&P Capital IQ, and S&P Net Vantage.
- The Student Managed Investment Fund fuses textbook theory with real world application providing for an unparalleled experience. This pragmatic course challenges students to think outside the box. As a result, many graduate students participate in the course purely for its practical value without obtaining course credit.

Organizational Structure:



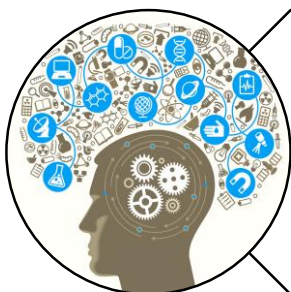
Participating Sectors:



Investment Methodology



I. The teams first analyze the sector and its various industries through a top-down analysis. Each industry consists of its individual drivers and fundamentals; the history, current outlook, and future outlook of potential investments are all taken into consideration.



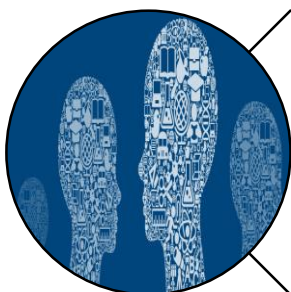
II. Once the industries have been analyzed, an equity screening process begins using Bloomberg Professional. Equity data is collected based on respective metrics.



III. After the securities are chosen, an analysis is required. Business models, profitability, liquidity, growth, efficiency, and other aspects are assessed and measured. Because every security has different risks involved, such risks must be carefully realized to minimize potential loss.



IV. The teams then create reports and gather data to pitch the positions to the Faculty Advisor and, with approval, to the Advisory Board.



V. After the pitch is concluded, the Advisory Board has the final say if the proposed equity is purchased based on a majority vote.

From the Faculty Advisor to the Student Managed Investment Fund

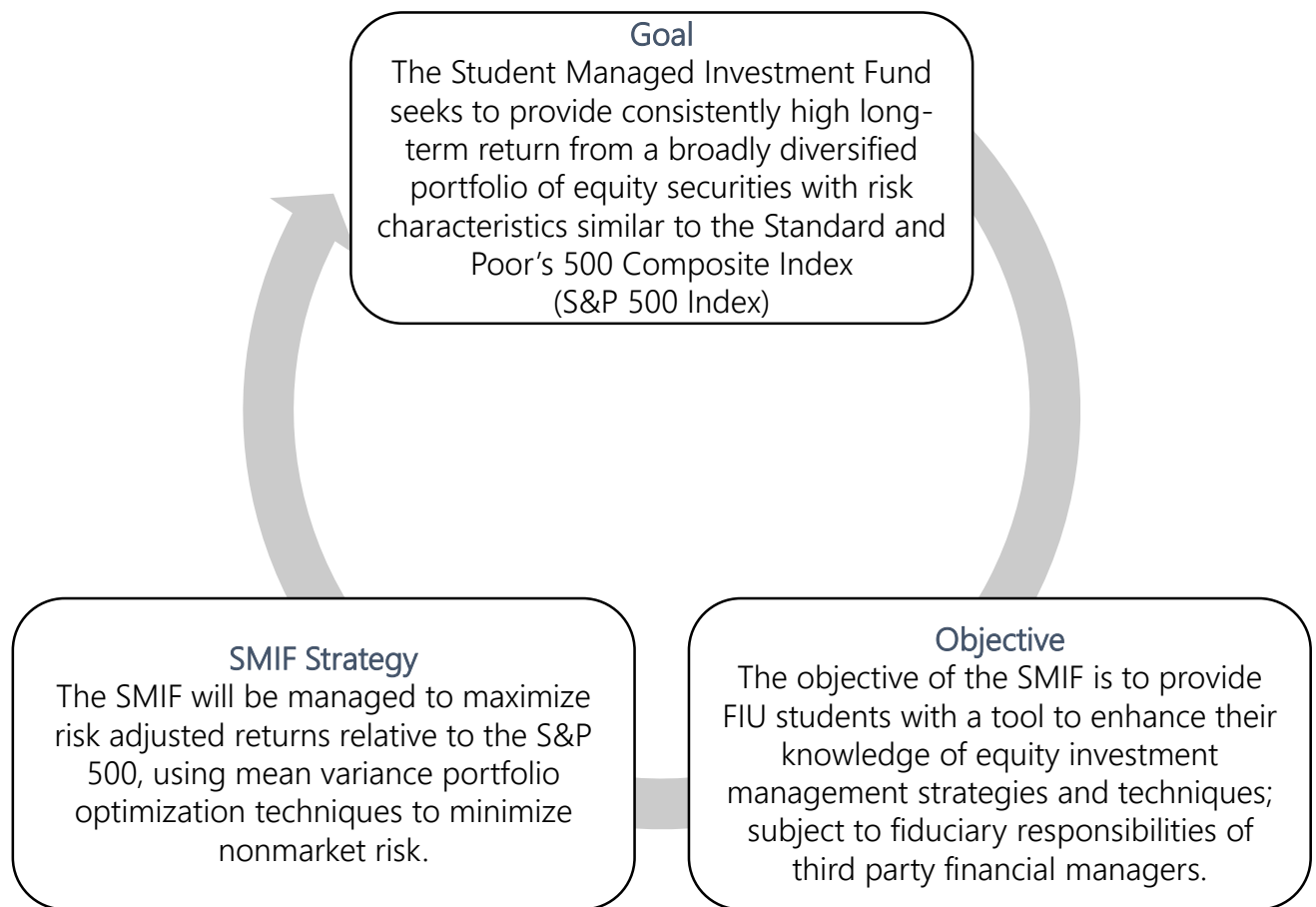
On behalf of the SMIF class of 2014-2015, I am pleased to present the sixth annual report for the period ending June 30th, 2015. The SMIF class of 2014-2015 worked arduously screening, evaluating, and presenting their investment selections to the advisory board at the end of the fall and spring semesters. The approved selections and purchase information is listed in the *recommendations* section of this report. Our performance was affected given the meltdown in the energy sector and sharp decline in commodities yet the knowledge gained from experiencing these happenings is invaluable. Living through a crisis serves as a very powerful learning tool.

The support from the local South Florida community has been outstanding. Without them, our students' experience in the course would have been limited. Many advisory board members met with the students prior to the actual presentations and offered constructive criticism. Not only do they help broaden our students' understanding of their respective industries but also serve as potential employers to our graduates. The success of our program would be limited without the help of our wonderful staff and interns: Katherine Grau, Daniel Rodriguez, Sebastian Giraldo-Castaño, and Natalie von Cieminski. Their support made our lab operations, activities, and compilation of this report possible. On behalf of the Capital Markets Lab, I want to thank all of the individuals who have participated in the SMIF during this academic year.

- Flavio Carrillo, Faculty Advisor



Investment Policy



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 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 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.

Investment Policy Con't

POLICIES

1. The SMIF seeks above-average returns by investing in securities that are determined, through analysis by student analyst 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
3. Portfolio stock purchases will be for cash; no margin trading will be permitted
4. Short positions and naked derivative trades are not permitted. (The VIX may be utilized to help reduce the overall volatility of the portfolio)
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. 50 percent of the net annual gain will be reinvested into the SMIF. The remainder of the net gain will be distributed to the COB Capital Markets Lab (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



Investment Risks



Equity Market Risk

The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors, or industries selected for the SMIF's portfolio or the securities market as a whole, such as changes in economic or political conditions.



General Market Risk

Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.



Commodities Risk

Certain selected equities may be highly correlated to the performance of certain commodities (e.g. oil, natural gas, gold, silver, corn, wheat etc.) which increases the likelihood that events or conditions negatively or positively affecting the price of commodities to cause the price of equity securities to rise or fall rapidly or unpredictably.



Mid Cap Company Risk

Investments in mid cap companies may be riskier, more volatile and more vulnerable to economic, market, and industry changes than investments in larger, more established companies. As a result, share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term.

Recommendations

Fall 2014

Company	Industry	Market Cap	Vote
	Consumer Discretionary	\$20.3bn	YES
	Consumer Staples	\$6.8bn	YES
	Energy	\$205.7mn	YES
	Financials	\$60.5bn	YES
	Healthcare	\$55.7bn	YES
	Industrials	\$151.5bn	YES
	Materials	\$94.3bn	YES
	Technology	\$2.58bn	YES


Recommendations

Spring 2015

Company	Industry	Market Cap	Vote
DELPHI	Consumer Discretionary	\$23.0bn	YES
	Consumer Staples	\$20.6bn	YES
	Energy	\$52.5bn	NO
	Financials	\$2.76bn	YES
Lannett	Healthcare	\$1.44bn	YES
	Industrials	\$5.55bn	NO
EASTMAN	Materials	\$9.94bn	YES
	Technology	\$15.35bn	YES

Recommendations

Fall 2015

Company	Industry	Market Cap	Vote
 EM <small>CAL-MAINE FOODS, INC.</small>	Consumer Staples	\$2.27bn	YES
 KeyCorp	Financials	\$9.88bn	YES
 <small>UNION PACIFIC</small>	Industrials	\$64.41bn	YES
 PPG	Materials	\$25.19bn	YES
 salesforce	Technology	\$48.51bn	YES

Advisory Board

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

Mr. J. Cooper Abbott

Co-COO & Executive VP of Investment
EAGLE ASSET MANAGEMENT

Dr. Chun-Hao Chang

Department of Finance, Chairman
FLORIDA INTERNATIONAL UNIVERSITY

Mr. Jon Gutekunst, CFA

Vice President, Corporate Lending Group
HSBC BANK

Mr. K. Barton Lewis

Senior Investment Management
Consultant
RAYMOND JAMES

Mr. Barry M. Sine, CFA, CMT

Managing Director, Equity Research
DREXEL HAMILTON

Mr. Tony Vu

Treasurer
FLORIDA INTERNATIONAL UNIVERSITY

Mr. Roark Young

Wealth Manager
JHS CAPITAL ADVISORS, LLC

Ms. Nina Nikolic, CFA

CEO AT IDEA CAPITAL
CFO AT ARTMIAMI.TV

Mr. Jack Christian, CFA, CFP®

Executive Director, Private Banking
JP MORGAN

Mr. Jose Aldrich

Acting Dean, College of Business
FLORIDA INTERNATIONAL UNIVERSITY

Mr. Jorge Miranda

Co-Founder
GENSMART

Dr. Robert Daigler

Professor
FLORIDA INTERNATIONAL UNIVERSITY

Mr. Paul Koch

Banking & Real Estate
SOUTHEY & ABN AMRO BANK

Mr. James Hawkins

Banking & Real Estate
ADAPT & MORGAN STANLEY

Student Participants Fall 2014

Consumer Discretionary

Manager Richard Lalane
Associate Manager Bernardo Castro
Brian Carvajal
Mary Roig
Daniel Aguirre
Matheo Castaño
David Rodriguez



Industrials

Manager Sebastian Castaño
Student Analysts Isabel Peralta
Alejandro Gonzalez
Luis Zambrano
Kevonte Casey Bailey
Eduardo Llanos
Karyna Mursuli Soto
Luis Felipe Echeverry



Consumer Staples

Manager Litong Chen
Student Analysts Carolina Rodrigues
Roberto Nicolichia
Adrian Valdez
Alexandra Herrera
Lfeanyi Meniru
Faizan Waheed



Materials

Manager Linnet Leon
Student Analysts Guillermo Ortas
Boris Gilles
Roy Gomes
Diego Lourenco
Javier Morales
Chris Yoda



Healthcare

Manager Daniel Baez
Associate Manager Daniel Rodriguez
Student Analysts Stephan Kern
Kyle Cook
Anthony Torres
Alejandro Pacheco
Anya Schmidt
Tamara Gonzalez



Energy

Manager Luis Rosero
Student Analysts Carlos Consuegra
Noe Perrin
Xenia Sepulveda
Desislava Angelova
Axel Regalado
Carlos Nogues
Anthony Velazquez



Financials

Manager Sebastian Mainegra
Student Analysts Juan Avila
Jonathan McGillicuddy
Sameer Mohammad
Robert Agrinzonis
Euclides Jimenez
Anmol Khanna
Jeffee Alexandre



Technology

Manager Aaron Bengochea
Student Analysts Hana Lee
Michelle Pava
Tyrei Williams
Matt Sorkin
Dareus Tomsa
Luis Toro
Luis Fong



Student Participants Spring 2015

Consumer Discretionary

Manager
Student Analysts



Adrian Rodriguez
Auralba Cristina Peraza
Jonathan Marcus Williams
Alejandro Enrique Puglia
Monica Knudson
Maria Haggen
Arturo Louis Garcia

Industrials

Manager
Student Analysts



Kendrick Anthony Bernal
Isabel Peralta
Alejandro Gonzalez
Luis Zambrano
Kevonte Casey Bailey
Eduardo Llanos
Karyna Mursuli Soto

Consumer Staples

Manager
Student Analysts



Christopher Yoda
Carlos Nogues
Anastasia Seldinskaya
Alejandro Porras
Juan Francisco Bustabad
Zoe Langdon
Juan David Galeano
Renato Garzaro Cordon
Anton Portnov

Materials

Manager
Associate Manager
Student Analysts



Sebastian Castaño
Natalie von Cieminski
Matheo Castaño
David Rodriguez
Ovidio J Mijares
Karim Walid Chaar
Jacky Zeigen

Healthcare

Manager
Student Analysts



Daniel Rodriguez
Daniel Aguirre
Alejandro Mendez
Luis Felipe Toro
Juan Alderete
Danny Henrice
Javier Robert Lopez

Energy

Manager
Student Analysts



Carlos Consuegra
David Emerson
Sebastian Franz Dill
Alberto Figueroa
James William Sheldon
Estefania Gasparini
Brandon Rodriguez

Financials

Manager
Student Analysts



Scott Nunez
Victoria Eugenia Marquez
David Morales
Brandon Alexander Sierra
Laura Rebeca Takacs
Galindez
Luis Felipe Echeverry
Bardia Ali Dariush















Technology

Manager
Student Analysts
















Luis Rosero-Barros
Sashela M Baker
Anya Schmidt
Christian Calliman
Maria Perasso
Rami Siab
Jeffrey Delva
Luis Fong

Current Holdings

Company	Quantity	Last	Cost	Market Value	Gain(\$)	Gain(%)
 Apple	51	102.71	4,767.46	5,240.25	472.79	9.92%
	74	60.53	4,303.36	4,479.22	175.86	4.09%
 AMGEN	14	158.17	1,723.54	2,214.38	490.84	28.48%
 BOEING	65	141.07	9,637.54	9,169.55	-467.99	-4.86%
	347	16.43	5,336.72	5,701.21	364.49	6.83%
 DELPHI	160	81.66	12,472.34	13,065.60	593.26	4.76%
 EA	132	64.94	7,419.72	8,572.08	1,152.36	15.53%
 ESTÉE LAUDER COMPANIES	70	88.01	5,209.36	6,160.70	951.34	18.26%
 EASTMAN	159	67.11	12,484.66	10,670.49	-1,814.17	-14.53%
 Enterprise Products	3,192	26.21	104.78	83.66	-21.12	-20.16%
 Eagle Materials	121	60.66	9,144.34	7,339.86	-1,804.48	-19.73%
 GILEAD	53	99.26	4,401.11	5,260.78	859.67	19.53%
 HANES Brands Inc	83	30.01	735.13	2,490.83	1,755.70	238.83%
 HI CRUSH PARTNERS LP Performance Under Pressure	522	5.59	16,722.55	2,917.98	-13,804.57	-82.55%
 Hanger Empowering Human Potential	115	15.49	4,560.89	1,781.35	-2,779.54	-60.94%
 Home Depot	313	39.26	12,498.06	12,288.38	-209.68	-1.68%
 Lannett	209	39.58	12,454.29	8,272.22	-4,182.07	-33.58%
 LIONSGATE	158	30.46	4,520.36	4,812.68	292.32	6.47%

Current Holdings

Company	Quantity	Last	Cost	Market Value	Gain(\$)	Gain(%)
 LyondellBasell	54	87.64	4,221.10	4,732.56	511.46	12.12%
 Microsoft	110	55.05	3,943.49	6,059.90	2,116.41	53.67%
 Micron	658	14.82	12,497.72	9,751.56	-2,746.16	-21.97%
 TARGA	52	15.93	3,736.19	828.36	-2,907.83	-77.83%
 PCC PacifiCorp	32	232.3	8,065.27	7,433.60	-631.67	-7.83%
 PPG	57	98.31	3,358.08	5,603.67	2,245.59	66.87%
 SIMON	50	196.17	10,130.99	9,808.50	-322.49	-3.18%
 Synaptics™	121	70.87	9,505.75	8,575.27	-930.48	-9.79%
 ThermoFisher SCIENTIFIC	67	138.51	8,480.19	9,282.85	802.66	9.47%
 TARGA	22	26.38	3,070.10	580.36	-2,489.74	-81.10%
 Tyson	280	52.3	12,493.60	14,644.00	2,150.40	17.21%
 Unilever	114	42.11	4,945.56	4,800.54	-145.02	-2.93%
VXX	786	20.67	28,822.86	16,199.46	-12,623.40	-43.80%
 WHITING	123	9.04	8,544.23	1,111.92	-7,432.31	-86.99%
 WhiteWave FOODS	180	38.79	6,229.17	6,982.20	753.03	12.09%
 WYNN RESORTS	24	70.07	4,430.87	1,684.80	-2,746.07	-61.98%

Performance

SMIF vs S&P 500 (Total Return %)



Data as of: 07/01/2015
Source: Bloomberg

Statistics

Return	SMIF (6 Months)	S&P 500 (6 Months)	SMIF (YTD)	S&P 500 (YTD)	SMIF (1 Year)	S&P 500 (1 Year)
Total Return	-3.30%	1.95%	-3.30%	1.95%	-4.18%	7.45%
Maximum Return	1.20%	1.79%	1.20%	1.79%	1.51%	2.42%
Minimum Return	-1.39%	-2.08%	-1.39%	-2.08%	-1.44%	-2.08%
Mean Return (Annualized)	-8.62%	6.73%	-8.56%	6.68%	-5.36%	11.71%

Risk	SMIF (6 Months)	S&P 500 (6 Months)	SMIF (YTD)	S&P 500 (YTD)	SMIF (1 Year)	S&P 500 (1 Year)
Standard Deviation (Annualized)	8.19%	12.23%	8.16%	12.18%	8.14%	12.11%
Downside Risk (Annualized)	5.51%	8.68%	5.49%	8.64%	5.69%	8.67%
Skewness	0.30%	-0.09%	0.30%	-0.09%	0.07%	-0.09%
VaR 95% (ex-post)	-0.70%	-1.32%	-0.70%	-1.32%	-0.84%	-1.34%

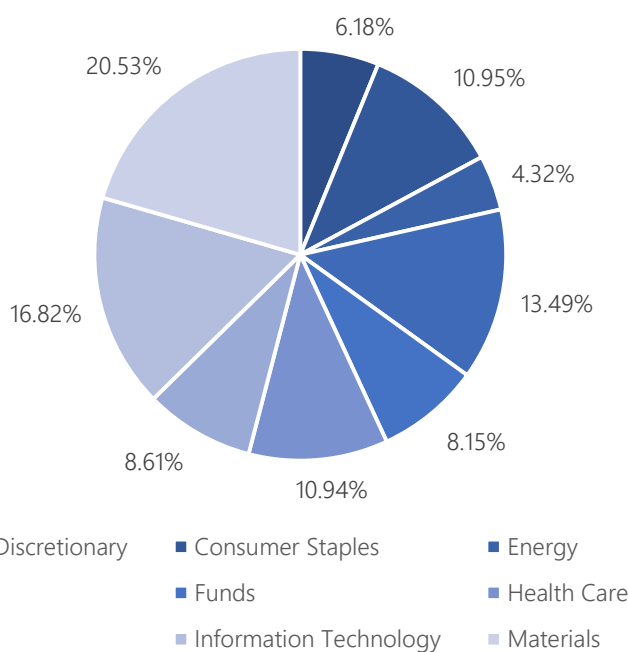
Risk/Return	SMIF (6 Months)	S&P 500 (6 Months)	SMIF (YTD)	S&P 500 (YTD)	SMIF (1 Year)	S&P 500 (1 Year)
Sharpe Ratio	-0.76%	0.39%	-0.76%	0.39%	-0.48%	0.68%

Data as of 07/01/2015
Source: Bloomberg



Performance

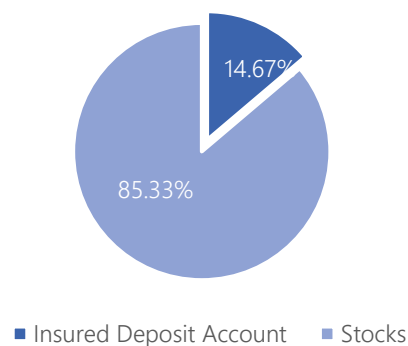
Sector Allocation (%)



Portfolio Statistics

Indicator	Portfolio	S&P 500 ETF
Dividend Yield	2.01%	2.04%
Price to Earnings Ratio (P/E)	17.41	18.31
Price to Cash Flow Ratio (P/CF)	12.59	11.54
Price to Book Ratio (P/B)	3.42	2.83
Total Debt to Common Equity	106.81%	113.04%
Current Ratio	1.47	1.43
Beta	1.06	0.99

Portfolio Allocation (%)



Top Performing Stocks

Company	Total Return YTD	Standard Deviation
Whitewave Foods	41.66%	15.64%
Lyondellbasell	29.31%	34.04%
Gilead Sciences	23.52%	31.32%
Hanesbrands	22.69%	21.76%
Electronic Arts	20.58%	14.24%
Lions Gate Entertainment	16.89%	29.09%
Estee Lauder Companies	15.70%	18.01%
Apple	15.62%	21.76%
Unilever N V	9.91%	17.87%
Hanger	7.72%	43.72%
Whitewave Foods	41.66%	15.64%

Data as of 07/01/2015
Source: Bloomberg



Appendix

Sector Description

MATERIALS

The materials sector encompasses a wide range of commodity-related manufacturing industries. Included in this sector are companies that manufacture chemicals, construction materials, glass, paper, forest products and related packaging products, and metals, minerals and mining companies, including producers of steel.

INDUSTRIALS

The industrials sector includes companies whose businesses are dominated by one of the following activities: the manufacture and distribution of capital goods, including aerospace & defense, construction, engineering & building products, electrical equipment and industrial machinery. The provision of commercial services and supplies, including printing, employment, environmental and office services. The provision of transportation services, including airlines, couriers, marine, road & rail and transportation infrastructure.

TECHNOLOGY

The information technology sector covers the following general areas: firstly, technology software & services, including companies that primarily develop software in various fields such as the internet, applications, systems, databases management and/or home entertainment, and companies that provide information technology consulting and services, as well as data processing and outsourced services; secondly technology hardware & equipment, including manufacturers and distributors of communications equipment, computers & peripherals, electronic equipment and related instruments; and thirdly, semiconductors & semiconductor equipment manufacturers.

ENERGY

The energy sector comprises companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment and other energy related service and equipment, including seismic data collection. Companies engaged in the exploration, production, marketing, refining and/or transportation of oil and gas products, coal and other consumable fuels. The energy sector has enormously suffered within the past 12 month due to last year's shocking drop in oil prices. The low oil prices is a result from an over-supply in the market while demand for energy products has been steady or decreased at times all across the world.

Sector Description Con't

CONSUMER DISCRETIONARY

The consumer discretionary sector encompasses those industries that tend to be the most sensitive to economic cycles. Its manufacturing segment includes automotive, household durable goods, textiles & apparel and leisure equipment. The services segment includes hotels, restaurants and other leisure facilities, media production and services, and consumer retailing and services. This sector performs better when the economy is doing well. Consumer discretionary is the opposite of consumer staples, which consists of businesses that sell necessities like food and drugs.

CONSUMER STAPLES

The consumer staples sector comprises companies whose businesses are less sensitive to economic cycles as they are always in demand, no matter how well the economy is performing. The companies within the consumer staples sector sell nondurable goods that usually do not last longer than three years. These goods are a necessity compared to durable or luxury goods that consumers steer away from in recessions. Also, people tend to demand consumer staples at a relatively constant level, regardless of their price. It includes manufacturers and distributors of food, beverages and tobacco and producers of non-durable household goods and personal products. It also includes food & drug retailing companies as well as hypermarkets and consumer super centers.

FINANCIALS

The financial sector is comprised of companies involved in activities such as banking, mortgage finance, consumer finance, specialized finance, investment banking and brokerage, asset management and custody, corporate lending, insurance, financial investment, real estate investment trusts (reits), as well as companies engaged in real estate management & development. Financial firms generate their profits based on market conditions rather than the tangible products. Firms within the financial sector tend to make larger profits during bullish time periods, when interest rates are low.

HEALTHCARE

The health care sector encompasses two main industry groups. The first includes companies who manufacture health care equipment and supplies or provide health care related services, including distributors of health care products, providers of basic health-care services, and owners and operators of health care facilities and organizations. The second regroups companies primarily involved in the research, development, production and marketing of pharmaceuticals and biotechnology products. The healthcare sector is historically non-cyclical and defensive in times of overall market underperformance.

