

# FLORIDA INTERNATIONAL UNIVERSITY STUDENT MANAGED INVESTMENT FUND



**ANNUAL REPORT 2012**

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## FEATURED ON FRONT PAGE

Alex Chediak  
Allison O'Rourke  
Charlie Stack  
Cliffanique Townbridge  
Dr. Helen K. Simon  
Ed Harvey  
Ignacio Chavarria  
Janis St. Port  
Jasmine McMillan  
Juan Alfonso  
Justin Garcia  
Kathy Grau  
Lauren Gonzalez  
Marcus Gent  
Michael Garrido  
Rene Maurice  
Rhonda Lewis  
Shaun Hoyes



**Mark B. Rosenberg, President of FIU**

## **FROM THE PRESIDENT OF FIU**

May 2012

I am delighted to write in support of the FIU Student Managed Investment Fund (SMIF) program's Class of 2012 Annual Report. The SMIF is a leading investment studies course for students interested in equity analysis experience and portfolio management. Finance students participating in the College of Business Administration's SMIF gain real-time experiential learning and World's Ahead training as well as valuable insight into the financial sector.

Under the mentorship of their Faculty Advisor, Dr. Helen Simon, and other faculty and staff, and the support of the business community, SMIF students have once again had a successful year in money management. I am especially grateful to Kirk Landon, Dany Garcia, and the staff of the State Farm Financial Literacy Lab for their generous support. This year's annual report is evidence to the dedication of the SMIF students and the skills they have developed throughout the course of the program.

On behalf of Florida International University and our College of Business Administration, I invite you to review this year's report, a signal of the SMIF program's commitment to excellence.

Mark B. Rosenberg  
President

## FROM THE FACULTY ADVISOR TO THE FIU STUDENT MANAGED INVESTMENT FUND

On behalf of the FIU SMIF Class of 2012, I am pleased to present our third annual report for the period ending April 27, 2012. On April 29, 2011 the value of our portfolio was \$214,575.31 and we closed the year on April 27, 2012 with a value of \$ 217,282.90. The actual total return for the period was 1.26%. Our returns for the calendar-year ending 12/31/2011 beat the S&P 500 by 5.78%, with a standard deviation of 5.21% less than the benchmark S&P 500; our alpha is 7.79 and our beta is 0.63. Our philosophy of managing our risk and having a total return perspective appears to have paid off. Over the past year, the SMIF Class of 2012 has worked diligently screening, evaluating, and presenting their investment selections to our advisory board at the end of the Fall and Spring terms. The approved selections and purchase information is listed in the transactions section of this report.

The sector team managers and I attended the second annual Global Asset Management Conference (G.A.M.E) in New York City during the last week of March 2012. We entered the SMIF competition for the second year in a row. Our team was invited to present to the judges (only ten teams were invited). We did not, however, take home the trophy, but we are getting closer. Aside from the activities at the conference itself, our sincere thanks go out to the New York friends of the FIU SMIF: Allison O'Rourke, Ed Harvey and Jesus Diaz for going above and beyond to make our trip a memorable one.

Once again, the support of the local South Florida business community has been outstanding. Over the past year, we added six new members to our existing 15-member advisory board: Eric Barberio BBA '90, John Gutekunst BBA '07, Jack Kahn, Kevin Leahy, John Mousseau and Ricardo Nieto BBA '10.



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

I am so appreciative of the State Farm® Financial Literacy Lab staff and interns - Shaun Hoyes, Kathy Grau, Justin Garcia, Christine Montero and Charles Stack - for their assistance in planning the SMIF activities, supporting our trip to G.A.M.E in NY and their assistance in compiling this report; none of this could have been possible without their support, enthusiasm and dedication.

Helen K. Simon, CFP®, DBA

# OUR ADVISORY BOARD

## 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.

### **Mr. Alexander Acosta, Associate**

ACM Capital Partners, LLC  
Miami, FL

### **Ms. Sofia W. Bitela, Partner**

Brickell Financial Modeling Services, LLC  
Miami, FL

### **Mr. Eric Barberio, CMA**

Founder/Managing Partner  
EMBI Management Consultants  
Palm Beach, FL

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Dept. of Finance and Real Estate, CBA  
Florida International University  
Miami, FL

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Executive Director  
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Horn Eichenwald Investments Corp  
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Managing Director Principal  
Bear Stearns,  
a division of J.P. Morgan Private Client Services  
Atlanta, GA

### **Mr. James M. Farwell**

Associate  
Associate Cross Keys Capital, LLC  
Ft. Lauderdale, FL

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HSBC Bank  
Miami, FL

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Options A to Z  
Boca Raton, Florida

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Editor  
Nightly Business Report  
Miami, FL

### **Mr. R. Kirk Landon**

The Kirk Foundation  
Miami, FL

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State Farm  
Miami, FL

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Managing Director  
Wells Fargo  
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### **Mr. John Mousseau**

Managing Director - Portfolio Managing  
Cumberland Advisors  
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Morgan Stanley  
Miami, FL

### **Ms. Nina Nikolic**

Financial Advisor  
Young, Stovall & Co  
Pinecrest, FL

### **Mr. Barry M. Sine, CFA, CMT**

Director of Research  
CapStone Investments  
San Diego, CA

### **Mr. Tony Vu**

University Treasurer  
Florida International University  
Miami, FL

### **Mr. Roark Young**

President- Young, Stovall & Co.  
Miami, FL

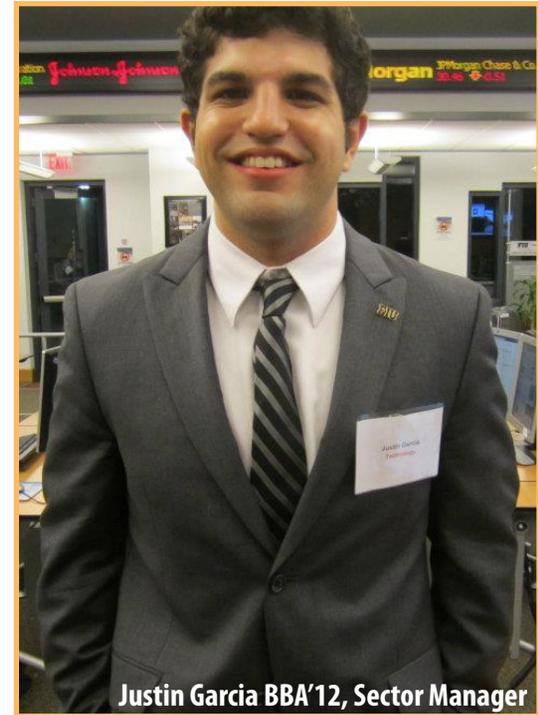
## CONSUMER STAPLES SECTOR OUTLOOK

During economic downturns, investors often flock to the consumer staples sector because consumer staples is mainly comprised of companies that sell nondurable goods - goods that do not last longer than three years. These products, which are necessities, have inelastic demand because when the economy is in a recession, consumers have lower disposable income; this steers consumers away from buying durable or luxury goods (i.e. washing machines, automobiles, televisions, etc.) and forces them to focus on necessities (i.e. food, beverages, cosmetics, and cleaning supplies). This is why consumer staples is a safe haven for investors during tough economic times; consumers are always going to purchase products such as toilet paper, toothpaste, and diapers, no matter what kind of economic disparity they might be dealing with.

The consumer staples sector is comprised of mainly blue chips companies in their mature growth phase, which dominate their subsectors in an oligopolistic fashion. We can find examples of this in the beverage industry, such as Pepsi and Coca Cola. These two beverage giants own most of the market share and follow one another's lead if the other is successful (i.e. Coca Cola's Coke Zero made a huge splash and Pepsi soon followed suit with their own zero-calorie soft drink: Pepsi Max).

Threats within the consumer staples sector are substitute goods such as generic brands. Supermarkets are supplying their own brand names in which the quality is remarkably close to those of industry leaders. Due to the Great Recession people have been forced to try these generic products and have somewhat shifted away from top brand names. These consumers may even become complacent and continue to use generic brands even if the economy heads toward an upswing.

The consumer staples sector is not normally known for having high-yielding growth (i.e. Apple Inc. in 2011), but because industry giants constantly manufacture common staple products that the average consumer needs, these companies have become more known for their reliable high-dividend yields. This is why a consumer staple stock is a great way to protect your portfolio: such stocks are the suppliers of necessities.



Justin Garcia BBA'12, Sector Manager

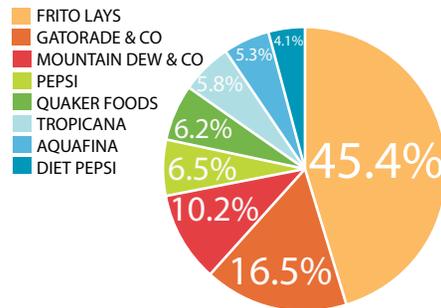
Consumer staples was the best performing sector in 2011, and our portfolio had two positions called Kimberly Clark (KMB) and Church & Dwight (CHD), leaving only one remaining position Proctor & Gamble (PG). The consumer staples team decided to keep Proctor & Gamble, because of their 3.1% dividend yield and management has recaptured decent market share through marketing efforts, buy backs, and a showing of strong confidence in their business.

The Spring 2012 Consumer Staples group is headed by sector manager Justin Garcia and analysts Erick Saize, Ryan Brewer, and Felipe Fernandez.

(CONTINUED...)

With the approval of the finance board, the consumer staples team purchased Pepsi Co. (PEP), which was presented by Erick Saize. The reason for the purchase was because of Pepsi's diverse portfolio in not only the beverage market with Pepsi and Gatorade, but also in the snack market with products like Frito-lays, and Doritos. Pepsi Co. also had recent partnerships and acquisitions that will give them exposure to BRIC nations with the transparency of GAAP regulations. Pepsi Co. purchased of "Mabel", a Brazilian cookie manufacturer, and recently partnered with Tingyi-Asahi Beverage Holding Co. Ltd. (TAB), the largest bottling company in China. Another attractive aspect of Pepsi Co. is their constant dividend growth rate of 7%, amounting to a 3.1% annual dividend yield.

### PEPSI'S DIVERSIFICATION



business; they dominate the market with 180 distribution facilities across the U.S. and Canada- a market share that cannot be matched by competitors. SYY also have a sustainability program in which they work hand-in-hand with growers and ranchers, making sure the quality of their produce and meats are exceed to government standards. SYY uses Enterprise Resource Planning software, which is an integrated system that mirrors Walmart's supply support system, allowing an easy streamline to support customers when their supplies are low. SYY also had an attractive dividend yield of 3.5%, even through the rough economic periods of 2008, 2009, and 2010 where SYY disbursed a dividend of 1.83, 1.77, and 1.99 respectively. The consumer staples team is also hoping for the rise of economic prosperity. With recent jobless claims trending downward, we are hoping the average consumer will have more disposable income to spend in restaurants, which is SYY's main customer base (62%). There is an inverse correlation between the SYY stock price (green line) and U.S. Jobless claims (red line). In 2009, jobless claims hit a high and SYY was at its lowest point; this coincides with 2003-2008 jobless claims at a low and SYY being high. It looks like jobless claims figures are following suit.

ANNUAL DIVIDEND					
	12/07	12/08	12/09	12/10	12/11
<b>DIV. AMT</b>	1.425	1.65	1.775	1.89	2.025
<b>DIV. GR%</b>		15.79%	7.58%	6.48%	7.14%
<b>YEAR-END YIELD</b>	1.88	3.01	2.92	2.89	3.05

The next purchase for the consumer staples team was Sysco (SYY), presented by Ryan Brewer. The reason for this purchase was because Sysco is an industry leader in the food transportation

Justin Garcia BBA'12, Consumer Staples Manager



(red represent jobless claims in the U.S., green represents SYY stock prices, and blue represents dividend payments)



Charles Stack BBA'11, Sector Manager

## ENERGY SECTOR OUTLOOK

We saw an explosive growth in the energy sector as global demand for energy products increased all across the world. As GDP continues to grow, we expect demand from developed economies and emerging markets to grow in similar stride. In order for the SMIF to take advantage of this demand growth, we have developed a traditional approach to investing within the energy sector.

The SMIF has traditionally taken advantage of the mid-stream sector and Master Limited Partnerships (MLPs), and will continue to do so moving forward through 2012. MLPs traditionally provide a high dividend yield to their unit holders and are not double-taxed as traditional corporations, making these companies highly attractive. Along with high dividend yields, MLP prices react positively when interest rates are low since there is a stronger expected cash flow that is usually redistributed in the form of dividends. Since the Fed has pledged to keep interest rates low until at least 2014, the SMIF seeks to keep its positions in MLPs and in the mid-stream sector.

As the global economy continues to recover and conventional oil exploration becomes more difficult, companies are turning to deep water exploration to meet the need of continued growth in oil demand. This is where oil service companies come into focus, providing the materials and products necessary for deep water explorations. The SMIF plans to benefit from a limited number of companies that provide such services at a premium, making this particular sector very promising as we move forward.

We understand the inherent political risk that comes from investing in energy as over the past year tensions from the western region of Africa and political turmoil in the Middle East have proved to show the volatility and uncertainty that comes with the energy sector. In order to mitigate this risk we properly hedge all of our positions to limit our downside while capitalizing on the upside potential this sector continues to show.

Charles Stack BBA'11, Energy Sector Manager

## FINANCIALS SECTOR OUTLOOK

The financial sector is comprised of several different subsectors including: credit unions, banks, asset management firms, credit card companies, insurance companies, stock brokerages, investment funds, and several government sponsored enterprises. Financial firms are different from firms in other sectors in that they generate their profits based on market conditions, rather than the tangible products that they sell. Firms in the financial sector tend to generate larger profits during bullish time periods, when interest rates are low. This is because financial firms benefit from the revenue from mortgages and loans, which gain value as interest rates drop. They tend to suffer greater losses during economic recessions or bearish times.

Due to the financial crisis of 2008, the financial sector has suffered from great losses in addition to a negative sentiment for financial firms in general by the public given the struggle and fall of many banks and firms. In order to regulate banks and other financial firms from falling susceptible to another financial meltdown, many regulations have come about such as Dodd-Frank and the Basel III Accords. In addition, the US government has had to intervene and inject capital into some of these firms. This past year of 2011 has also seen an increase in panic as the United States teetered upon the possibility of defaulting on its government debt obligations and its credit rating lowered, and several countries in the European Union were on the brink of bankruptcy. As the profits of financial firms are tied to the market, 2011 saw some of the lowest stock prices in years.

In the next few years the economy is expected to move back on track and gain momentum during its recovery, which will lead to greater returns in the financial sector. Because of the current downturn in the economy, investors are encouraged to look for strong financial firms that can withstand a recession, and that are currently undervalued so that when the economy is back on the rise, these firms are more profitable than they were in their preceding years.

Lauren Gonzalez BBA'12, Financials Sector Manager



## HEALTHCARE SECTOR OUTLOOK

The Healthcare care sector is one that is crucial in the asset allocation of any portfolio. When classifying the sector, we find that it includes a variety of sub-sectors. The diversity within this sector is truly fascinating; companies range in specializations that include, but are not limited to: pharmaceuticals, biotechnology drug developers, medical equipment suppliers, hospital holding companies, managed care and pharmacy benefit managers.

Healthcare is historically non-cyclical and defensive in times of overall market underperformance. Our target companies enjoy rather wide economic moats through high start-up costs, significant pricing power, strong patent protection and economies of scale. They also provide steady revenues streams, have efficient operating metrics, and boast strong cash positions, on their balance sheets, which is used to increase shareholder value. Dividends are a very popular form of increasing shareholder value in healthcare. Companies also use the cash on their balance sheets to issue stock buy-back programs and further strengthen their business through the acquisitions of other companies with promising new innovations.

Due to the government's involvement through programs such as Medicare and Medicaid, we will continue to see political pressures due to increased scrutiny of their budgets and the continued implementation of "Patient Protection and Affordable Care Act". Additionally, we are in a period that major pharmaceuticals are being taxed at least \$2.3 Billion as part of "Obama Care"; they are also scheduled to have major patent expirations until the year 2016.

From a macro perspective, we continue to expect increased demand for healthcare products and services fueled by the aging population in the developed world. Specifically in the United States, it is expected that by 2030, 19% of the population (72.1 million people) will be over 65 years of age. Additionally, if sustained,



Juan Alfonso, Sector Manager with Guy Adami of CNBC

health care reform will present approximately 34 million newly insured customers seeking health care products and services. These increasing demand trends are projected to continue and the companies in our portfolio are in pristine position to profit from these developments.

In conclusion, we expect to further diversify our holdings in the healthcare sector by decreasing our exposure to branded pharmaceuticals, increasing our exposure to the medical equipment and managed care sub-sectors. We are staying on course with our holding in the pharmacy benefit manager. From a risk management standpoint, we will continue to actively mitigate risk through options strategies in order to ensure we capitalize on the maximum benefits possible while ensuring our investment strategy and risk tolerance is strictly adhered to.

Juan Alfonso, Healthcare Sector Manager



**Ignacio Chavarria BBA'12, Sector Manager**

## TECHNOLOGY SECTOR OUTLOOK

The past year has been an interesting period for technology investors. Fueled by the uncertainty in Europe and fear of contagion, late July 2011 saw volatility quickly rising and spreading across industries and markets. This rise in volatility caused a sudden -yet very strong- sell-off across the tech sector, which was reflected in the 18.08 % drop in the NASDAQ from July 21 through August 18, 2011. Fortunately, 2012 brought promising news from Europe, driving volatility down to its average levels and fueling a subsequent 30.66% YTD rise in the NASDAQ.

Last semester we bought 700 shares of Microsoft at \$24.28. Our investment strategy of a 15% gain within three months worked perfectly, and upon reaching our target price of \$28, we collected our gains and closed our position to make room for our promising new investments. In summary, the profit from the Microsoft calls we sold and the capital gains on the stock –along with the company’s high dividend yield-, made this a very profitable holding.

We recently purchased two very promising companies: CA Technologies and Oracle Corporation. By investing in these two companies, we have gained significant exposure to the shift in the tech sector towards cloud computing. Most tech companies are trying to find different ways to integrate this new technology to become more profitable and efficient. But while many companies invest their money in reasearch & development (R&D) –which usually comes at the cost of lagging behind competitors, CA and Oracle have both made very promising acquisitions. Not only did these acquisitions allow them to immediately add cloud computing services to their products lines, they also showed both companies’ drive to be at the forefront of the cloud computing shift.

Ignacio Chavarria BBA'12, Technology Sector Manager

## HISTORY OF THE STUDENT MANAGED INVESTMENT FUND

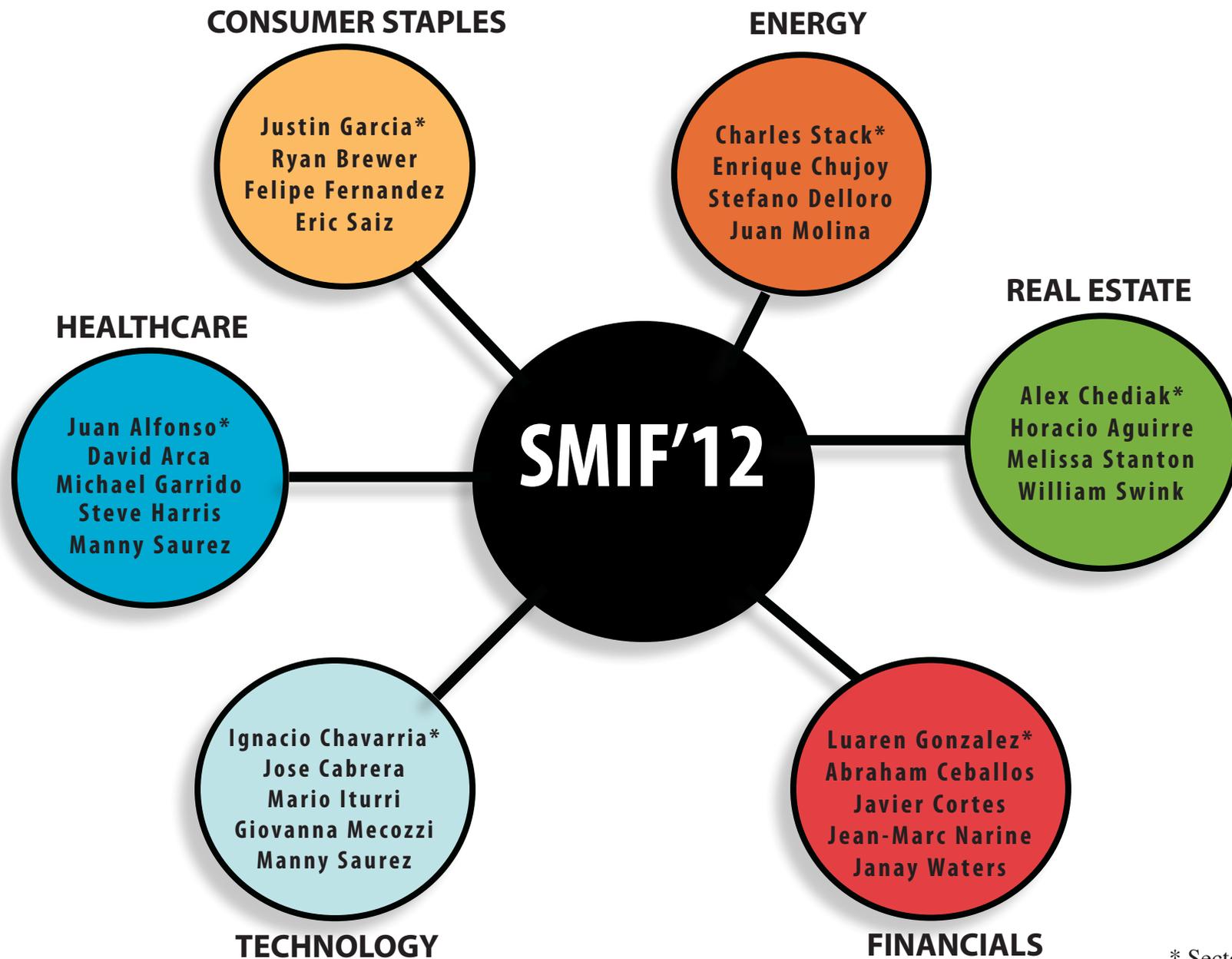
Founded in 2008, the Fund was originally spearheaded as an investment club that would gather every week to exchange ideas. Eventually, the club received donations that launched the Student Managed Investment Fund and created a class for graduate and undergraduate students which served as a means for 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®, the fund engages in thorough research and Fundamental analysis for equities, ETFs, and ADRs to discover undervalued and profitable long term positions in U.S. 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 State Farm® Financial Literacy Lab, as a facility for research. The lab consists of 49 dual-screen computer terminals with a variety of finance and business software consisting of trading platforms, research tools, and risk management programs, and market simulations. The main software used includes Bloomberg Professional (15 terminals; overall research and analysis), ThinkOrSwim (placing positions), @RISK, Crystal Ball (risk management analysis), S&P Capital IQ, and Morningstar.

The process of research and analysis revolves 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 of potential investments 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. 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 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 prepare students for a career in finance. 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 the average university classroom.

# STUDENT MANAGED INVESTMENT FUND CLASS OF 2012



\* Sector Managers

# 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:

The objective of The Fund is to provide FIU students with a tool to enhance their knowledge 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.

### 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.

### 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 than 20 percent of the portfolio and no individual stock position will comprise more than 10 percent of the entire portfolio

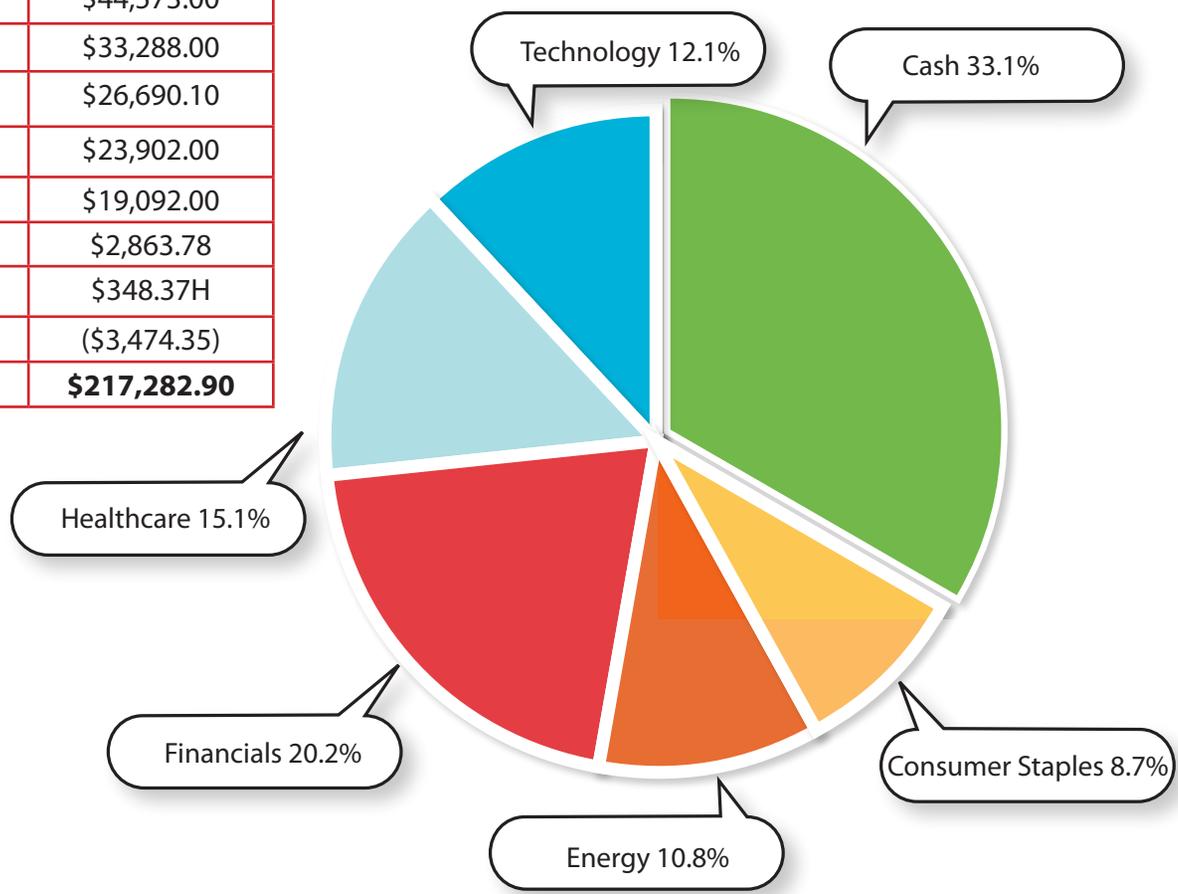
**7** Fifty (50) percent of the net annual gain will be reinvested into the Fund. The remainder of the net gain will be distributed to the CBA State Farm® Financial Literacy Lab (SFFLL). Should an annual loss incur, the cumulative loss must be recovered before distributions are made.

**8** This policy can be amended and revised as needed.

# PORTFOLIO SECTOR ALLOCATION

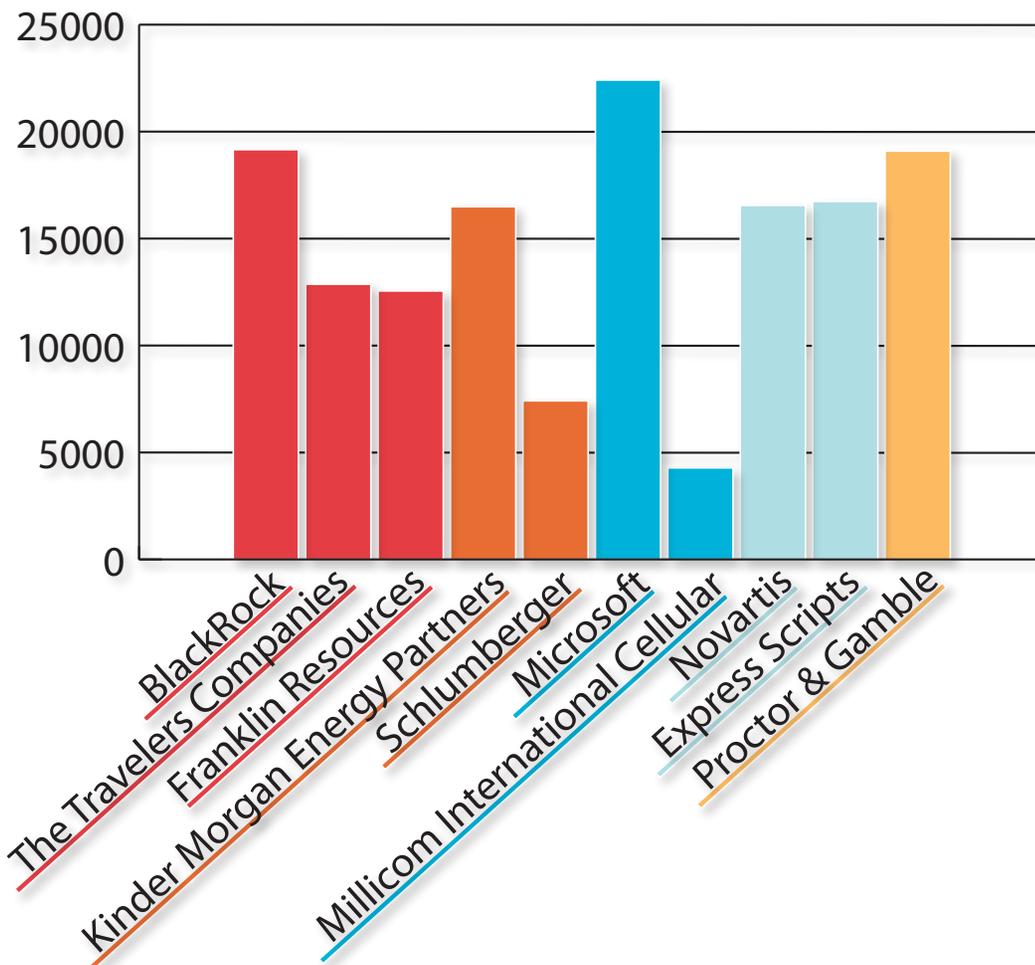
AS OF APRIL 30, 2012

SECTORS	WEIGHT	VALUE
FINANCIALS	20.2%	\$44,573.00
HEALTHCARE	15.1%	\$33,288.00
TECHNOLOGY	12.1%	\$26,690.10
ENERGY	10.8%	\$23,902.00
CONSUMER STAPLES	8.7%	\$19,092.00
CASH	33.1%	\$2,863.78
OPTIONS		\$348.37H
SHORT OPTIONS		(\$3,474.35)
<b>TOTAL PORTFOLIO VALUE</b>		<b>\$217,282.90</b>



# STOCK VALUE

AS OF APRIL 30, 2012



POSITION	VALUE
BLACKROCK	\$ 19,158.00
THE TRAVELER CO.	\$ 12,864.00
FRANKLIN RESOURCES	\$ 12,551.00
KINDER MORGAN ENERGY PARTNERS	\$ 16,488.00
SCHLUMBERGER	\$ 7,414.00
MICROSOFT	\$ 22,410.50
MILlicom INTL. CELLULAR	\$ 4,279.60
NOVARTIS	\$ 16,551.00
EXPRESS SCRIPTS	\$ 16,737.00
PROCTOR & GAMBLE	\$ 19,092.00

# TRANSACTIONS

AS OF APRIL 30, 2012

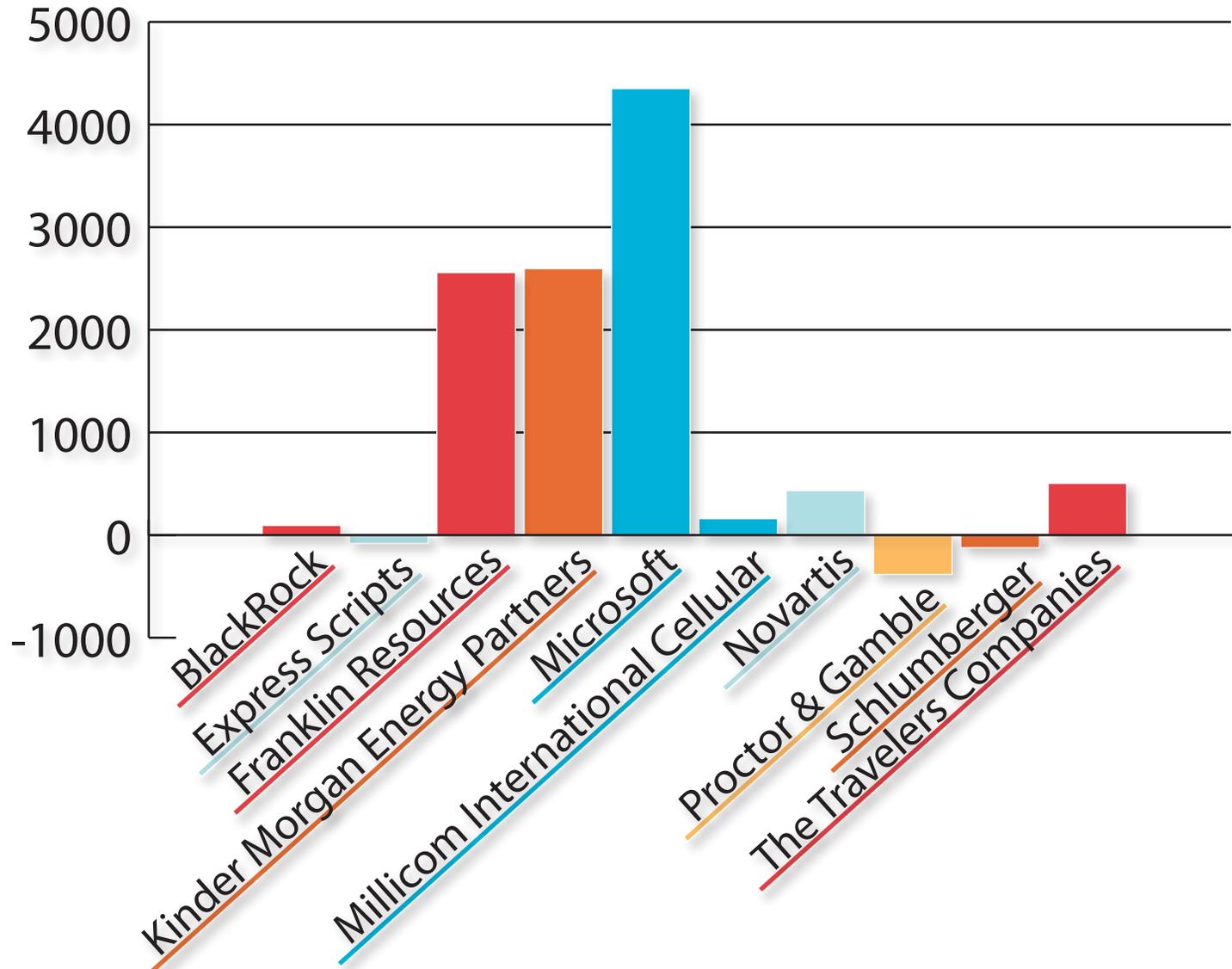
DATE	POSITIONS	TICKER	BUY/SELL	QUANTITY	PRICE	TOTAL
9/08/2011	PEABODY	BTU	S	-100	\$48.86	\$4,880.90
9/23/2011	EBIX INC	EBIX	S	-300	\$14.92	\$4,471.36
12/07/2011	SCHLUMBERGER	SLB	B	100	\$75.32	(\$75536.98)
12/08/2011	PROCTOR & GAMBLE	PG	B	100	\$99.88	(\$9,992.90)
12/09/2011	MICROSOFTV	MSFT	B	700	\$25.79	(\$18,063.36)
12/09/2011	MILLICOM INT'L CELLULVAR	MIICF	B	40	\$102.85	(\$4,119.00)
12/21/2012	THE TRAVELERS COMPANIES	TRV	S	-100	\$102.85	(\$4,119.00)
1/23/2012	CHURCH & DWIGHT	CHD	S	-500	\$45.00	\$22,484.56
1/23/2012	KIMBERLY CLARK	KMB	S	-300	\$72.50	\$21,734.58

# UNREALIZED GAINS

POSITIONS	TICKER	QUAN- TITY	COST	TOTAL COST	CLOSING PRICE	MARKET VALUE	NET P/L	NET P/L %
BLACKROCK	BLK	100V	\$190.64	\$19,064.00	\$191.58	\$19,158.00	\$94.00	0.49%
EXPRES SCRIPTS	ESRX	300	\$56.06	\$16,818.00	\$55.79	\$16,737.00	(\$81.00)	(0.48%)
FRANKLIN RESOURCES	BEN	100	\$99.93	\$9,993.00	\$125.51	\$12,551.00	\$2,558.00	25.60%
KINDER MORGAN ENERGY PARTNERS	KMP	200	\$69.46	\$13,892.00	\$82.44	\$16,488.00	\$2,596.00	18.69%
MICROSOFT	MSFT	700	\$25.80	\$18,060.00	\$32.02	\$22,410.50	\$4,350.50	24.09%
MILLICOM INT'L CELLUAR	MIICF	40	\$102.98	\$4,119.20	\$106.99	\$4,279.60	\$160.40	3.89%
NOVARTIS	NVS	300	\$53.73	\$16,119.00	\$55.17	\$16,552.00	\$432.00	2.68%
PROCTOR & GAMBLE	PG	300	\$64.92	\$19,476.00	\$63.64	\$19,092.00	(\$384.00)	(1.97)
SCHLUMBERGER	SLB	100	\$75.37	\$7,537.00	\$74.14	\$7,414.00	(\$123.00)	(1.63%)
THE TRAVELERS CO.	TRV	200	\$61.80	\$12,360.00	\$64.32	\$12,864.00	\$504.00	4.0
<b>TOTAL EQUITY VALUE</b>				<b>\$137,438.20</b>		<b>\$147,545.10</b>	<b>\$10,106.90</b>	<b>7.35%</b>
<b>CASH BALANCE</b>						<b>\$72,863.78</b>		

# UNREALIZED GAINS

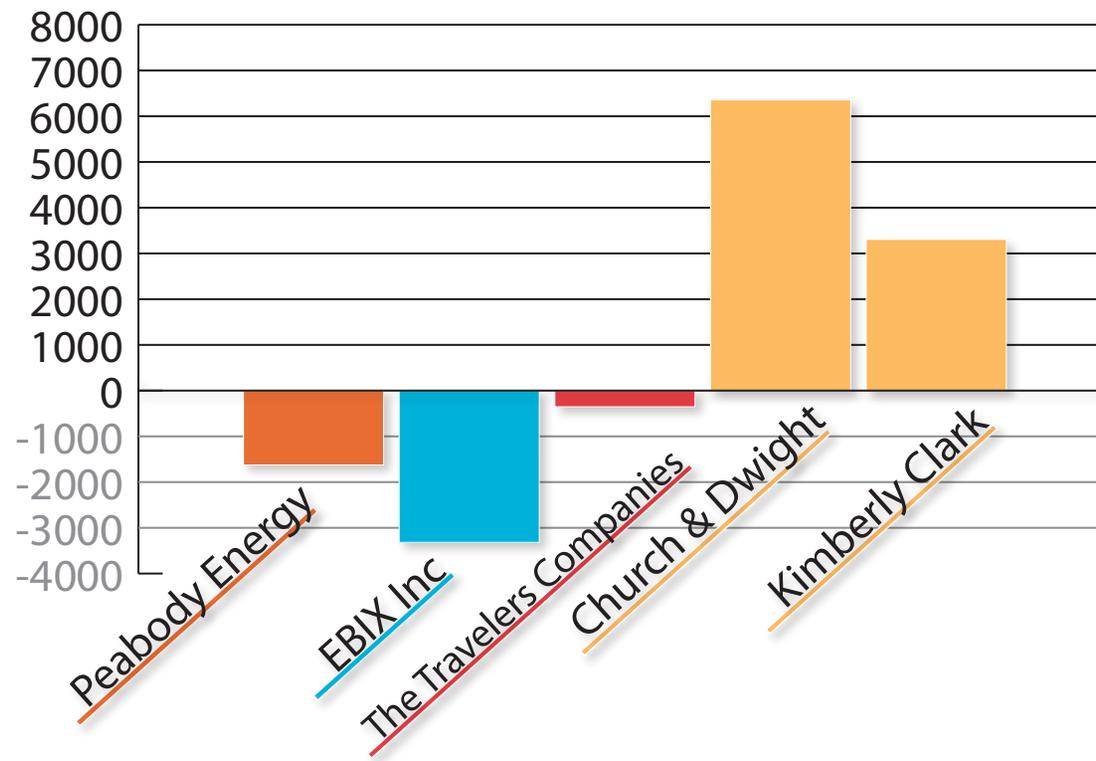
AS OF APRIL 30, 2012



# REALIZED GAINS

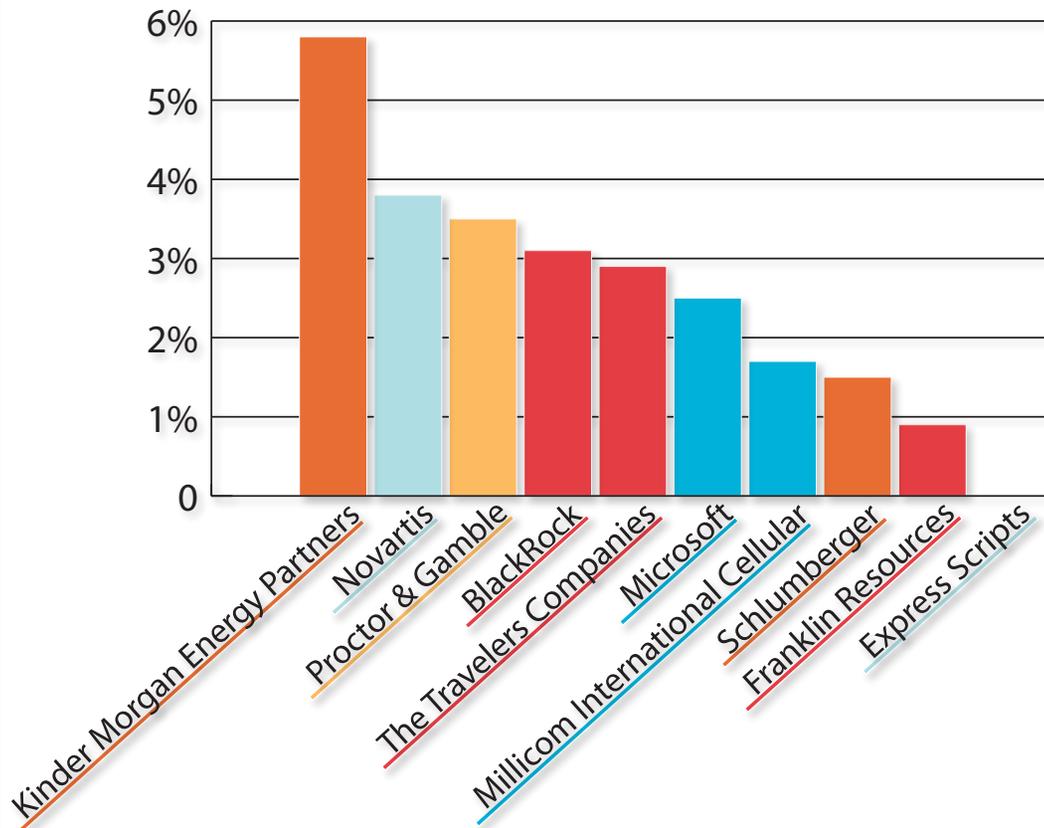
AS OF APRIL 30, 2012

POSITIONS	TICKER	QUANTITY	COST	SOLD	PROCEEDS	NET G/L
PEABODY	BTU	100	\$65.13	\$48.86	\$4880.90	(\$ 1,627.00)
EBIX INCV	EBIX	300	\$25.98	\$14.92	\$ 471.36	(\$ 3,317.55)
THE TRAVELER CO.	TRV	100	\$61.78	\$58.24	\$5,818.89	(\$354.00)
CHURCH & DWIGHT	CHD	500	\$32.29	\$45.00	\$22,484.56	\$6,357.50
KIMBERLY CLARK	KMB	300	\$61.48	\$72.50	\$21,734.58	\$3,306.00



# DIVIDEND YIELDS

AS OF APRIL 30, 2012



POSITIONS	DIVIDEND YIELD (%)
KINDER MORGAN ENERGY PARTNERS	5.8%
NOVARTIS	3.8%
PROCTOR & GAMBLE	3.5%
BLACKROCK	3.1%
THE TRAVELERS COMPANIES	2.9%
MICROSOFT	2.5%
MILlicom INTL' CELLULAR	1.7%
SCHLUMBERGER	1.5%
FRANKLIN RESOURCES	0.9%
EXPRESS SCRIPTS	0.0%