



**FLORIDA INTERNATIONAL UNIVERSITY
STUDENT MANAGED INVESTMENT FUND
CLASS OF 2011
ANNUAL REPORT**

FROM THE PRESIDENT OF FIU



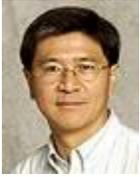
It is a pleasure to write in support of the FIU Student Managed Investment Fund (SMIF) program's Class of 2011 Annual Report. Founded at FIU in 2009 as an investment group for the exchange of ideas, the SMIF has become a leading investment studies course for students interested in equity analysis experience and portfolio management. Through participation in SMIF, finance students in the College of Business Administration gain a ***World's Ahead*** experience and valuable insight into the financial sector.

The SMIF program affords students the opportunity to engage in analysis and research development through real-time experiential learning. Under the mentorship of their Faculty Advisor, Dr. Helen K. Simon, and other faculty and staff, and the support of the business community, SMIF students have had a successful year in money management. This year's annual report is a testament to the quality education FIU provides to its students, giving them the skills, tools and resources they need to make an impact in competitive global fields.

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 dedication and commitment to excellence.

Mark B. Rosenberg, President

FROM THE CHAIRMAN OF THE DEPARTMENT OF FINANCE AND REAL ESTATE



I am pleased to say that the SMIF at FIU had another successful year. We re-structured the SMIF into a two-course sequence: an introductory course and an advanced course. The students in the SMIF Classes of 2010 and 2011 all had meaningful investment experiences over the last two semesters, received their Bloomberg certifications and have secured entry level positions in the investment industry. The SMIF has become one of the leading undergraduate applied finance programs by serving the need for well-educated and ethical investment research analysts.

While only a select group of finance majors participate in the SMIF, the program has benefited all finance majors. The SMIF has re-energized FIU's students, faculty, alumni, and the business community. The Financial Management Association has been active and numerous outside speakers have visited our campus. During the past year, our SMIF students traveled to the G.A.M.E. Forum at Quinnipiac University.

All of these events have allowed our faculty to help place more students in the financial industry. Additionally, the SMIF courses are finance electives that are open to all majors. The courses address investment ethics, corporate governance, and social responsibility. Finally, the research tools in the State Farm Financial Literacy Lab (SFFLL) have stimulated new research projects for the faculty and students.

The Department of Finance and Real Estate will continue to seek ways to develop other applied programs with a strong emphasis on ethics and social responsibility that help to create a truly transformational educational experience for our students. We appreciate your support in this important mission.

Chun-Hao Chang, Ph.D.

FROM THE FACULTY ADVISOR TO THE FIU STUDENT MANAGED INVESTMENT FUND



On behalf of the FIU SMIF Class of 2011, I am pleased to present the second Annual Report for the period ending April 29, 2011. On April 30, 2010 the value of our portfolio was \$204,169.89 and we closed the year on April 29, 2011 with a value of \$214,575.31. The actual total return for the period was 5.10%. The Class of 2011's investments are detailed in the *Transactions* section of this report.

Over the past academic year, the Class of 2011 worked diligently screening, evaluating, and finally 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 *Transactions* section of this report. We had our biggest SMIF class to date during this past term, with 53 active participants divided into five sector teams. The group meets in our newly christened State Farm Financial Literacy Lab (SFFLL).

The sector team managers and I attended the first annual GAME conference at Quinnipiac University in Hamden, Connecticut and made our first venture into the world of SMIF competitions. While we did not win, we learned a great deal and plan to take home the trophy next year when the conference is held at the Sheraton Hotel in Times Square in NYC. Prior to the conference, we spent two action packed days in Manhattan. Our sincere thanks go out to Ed Harvey, VP at Broadridge for being our tour guide at the NYSE and downtown Manhattan; Alvaro Martinez-Fonts, J P Morgan Florida CEO for arranging a fabulous morning at J P Morgan headquarters on Park Avenue and our tour guide at Bloomberg Headquarters, Shari Marie Rances.

The support of the local 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 sincerely thank our new president, Mark Rosenberg, for creating such an exciting environment with the introduction of the ***World's Ahead*** campaign. I am grateful to the Executive Dean of the College of Business, Joyce Elam, who has been an outstanding leader and inspiration to all of us over these past 15 years. I appreciate Alma Reisen-Puerto, who has acted as the Secretary to the

SMIF, and also to the SMIF individual sector team managers. I am so thankful to my SFFLL interns for their assistance in compiling this report: Michael Alfaro, Samantha Davis, Shaun Hoyes, Christopher Jones, Wellington Rodriguez and Andre Villareal.

I am once again rewarded by the progress I have seen in so many of our SMIF members and am reminded of all the reasons why I do what I do! There is no greater reward than to see a child grown into a thinking, mature adult as a result of education. We all look forward to a stellar 2012, with many more “firsts”.

Helen K. Simon, CFP®, DBA



(Left to Right) Simon, H., Rodriguez, W., Alfaro, M., Sager, W., The Bull, Rubio, E., Jones, C., Harvey, E.

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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Ms. Darcie Burk

Citi Private Bank
COO of Global Managed Investments
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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 2011

Abaroa, Diego

Alfaro, Michael*

Amaran, Javier M

Areces, Andrew

Armella, Giancarlo

Arroyo, Fausto German

Carter, Michelle

Chediak, Alejandro M

Davis, Samantha A

Del Bianco, Mariangela

Dominguez, Samuel

Doyle, Joseph Austin

Espitia, Brian

Fernandez, Miguel Emilio

Garcia, Justin C.

Gasparini, Luis Alberto

Gilroy, Kristen Kathleen

Harris, Wendy A

Iglesias, Arnaldo

Iturraran, Francisco

Jones, Christopher

Knight, Bijan*

Kwock, Julie

Lewis, Dale Lee

Licea, Melissa Marie

Lopez, Valentin A.

Rodriguez, Wellington*

Romulus, Anne Rodly

Rubio, Eugenio*

Sager, William C*

Santana, Josue M

Serra, Mario Andres

Smith, Wesley

Solari, Matthew A

Sosa, Ronald Estuardo*

Stack Jr., Charles

Tananta, Kathryn Anne

Trester, Sean

Vallarino, Daniel

Vazquez, Monica

Vazquez, Ryon William

Maya, Jonathan

Medina, Anaili

Meszen, Gregory

Montalvan, Jaime W

Pascual, Denisse R

Patino, Guillermo Jose

Quijano, Carlos Jose

Quintana, Liezel Maria

Villarreal, Andre R

Viola, Luciano

Zayas, Alejandro

***Sector Team Manager**

SECTOR TEAM MANGER REPORTS

Consumer Staples Sector

The consumer staples sector is composed of large mature companies within the industries of beverages, household products, food, and personal care products. One of the main characteristics of the consumer staples sector is the historically stable profit growth fueled by constant consumer demand for products and brand loyalty. This constant demand translates into stock price consistency, as investments in this sector do not usually experience the wild volatility ride that other sectors have to deal with. This is why investments in this sector are a great way to protect a portfolio from unexpected swings in the market, with the added benefit of earning reliable high dividend yields.

In 2010 the consumer staples sector experienced very solid returns. We are excited to see what this year will bring as we expect several factors will be affecting our sector in the near future such as rising commodity prices, an improving economy, rising competition from private label brands and growth opportunities in emerging markets.



1st row: Solari, M., Tananta, K., Davis, S., Lewis, D., Montalvan, J.
2nd row: Sager, W., Zayas, A., Rubio, E. Maya, J., Vallarino, D.
(Left to Right)

William Sager and Eugenio Rubio,

Team Co-Managers

Energy Sector

This year we have witnessed explosive growth in the energy sector as the economy continues to recover and GDP continues to expand in both the advanced and the emerging economies creating a stronger global demand for energy products. To benefit from this growing demand we have developed a two pronged approach to our investing strategy within the SMIF's Energy Sector:

Domestically, the SMIF has taken advantage of the mid stream sector and will continue to do so through investing in Master Limited Partnerships, in particular, Master Limited Partnerships in the petroleum products and natural gas transportation sector. These partnerships have large economic moats and are largely domestic with relatively little exposure to the international market. They provide an excellent source for consistent dividend returns that will remain strong given the current near zero interest rate policy the country has adopted.

While domestic GDP continues to grow at a healthy pace, stronger GDP growth in the emerging markets can only point to a stronger global demand for oil based products in the near future. To ensure the SMIF takes advantage of this increase in demand, the second part of our strategy focuses on investing in US based companies that have higher exposure to foreign markets.

We understand political risk in the energy sector is currently high in the western region of Africa, the Middle East and other parts of the world which brings increased volatility and uncertainty. To mitigate this risk we will ensure the SMIF is well hedged in all of our positions in order to obtain the maximum benefit possible within our investment strategy and risk tolerance.



1st row: Santana, N., Quintana, L., Sosa, R., Arroyo, F., Garcia, J.
2nd row: Mena, J., Serra, M., Vazquez, R., Armella, G. (Left to Right)

Ronald Sosa, Team Manager

Financial Sector

The financial sector contains companies providing a wide range of financial services to business and individuals alike. These companies fall into sectors such as: commercial banks, life-auto-accident & health-casualty & property insurance, investment banks, discount brokerages, credit & consumer cards, and real estate investment trusts. The largest companies in the financial sector tend to be mature and have little room for organic growth, so they grow through mergers and acquisitions. The acquisitions are usually regional banks and branches or strategic partners in new regions. The smaller companies push for market space in their geographic location, or attempt to create a niche market for specific products and services. Financial companies are more leveraged than companies in other sectors; therefore, given this high leverage, firms within the financial sector experience returns in excess of the market during bullish times and suffer greater losses during pullbacks, corrections, and bearish times.



1st row: Harris, W., Trester, S., DelBianco, M., Vazquez, M.,
Fernandez, M. 2nd row: Espitia, B., Quijano, C. Knight, B., Viola, L.
(Left to Right)

The global financial meltdown in 2008 brought new regulation and oversight to the financial sector. Due to over-leveraging by many of the biggest firms, leading some to fail, the US Government intervened by injecting capital under legislation, the Troubled Asset Relief Program (TARP). Also, new Tier 1 Capital Ratio requirements, Basel III, were introduced to ensure that companies maintained enough cash on-hand and could survive another crisis. The financial stocks were among the most beaten down during this credit crunch and liquidity crisis, leaving many solid companies with stock prices at all time lows. Recently, the extension of the Bush Tax Cuts, repayments of TARP, and more clarity of the Basel III regulations have been catalysts for the financial sector seeing incredible movements in stock prices. The sector has been a market leader in gains since late November 2010.

We believe as the economy gains momentum in the recovery, the financial sector will lead the way into prosperity and gain from the consumer confidence in the form of new auto loans, mortgages, credit card spending, insurance premiums, and increased activity in the brokerage accounts creating trading commissions.

Bijan Knight, Team Manager

Healthcare Sector

The healthcare sector includes numerous industries: pharmaceuticals, biotechnology, medical devices, and managed care. The sector has been historically categorized as a safe alternative to more volatile sectors such as technology, energy, and basic materials. Firms in this sector enjoy very solid economic moats, such as: high startup cost, great pricing power, wide product differentiation, strong patent protection, and significant economies of scale.

Even though the Health Care sector underperformed the S&P by 10.52% in 2010, our team believe the sector to be relatively undervalued, with low valuation multiples indicating that investment opportunities are available. The main reasons for the bad performance of the health care sector were the health care reform, and more strict regulations by the FDA towards pharmaceuticals companies.



Meszen, G., Jones, C., Rodriguez, W., Smith, W
Santana, J., Villareal, A. (Left to Right)

Additionally, the period 2011-2016 is scheduled to have a “patent cliff” with many patents for pharmaceutical drugs, including blockbusters Lipitor and Plavix set to expire, representing real opportunities in the generic industry. We expect increased demand, 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 old. Additionally, if sustained, the health care reform will present approximately 34 million newly insured customers seeking health care products and services.

Wellington Rodriguez, Team Manager

The Technology/Telecommunications Sector

The technology sector has traditionally consisted of companies with a high degree of risk that fluctuates closely with the sentiment of the market. Whether we compare IBM's rise in the 1960s, the tech bubble of the 1990s, or the expansion of social media today, this sector is always driven by a quest for efficiency, effectiveness, and the desire to eliminate costs. Telecommunications faces similar drivers like the technology sector; however, the primary source of opportunity that investors are pricing in is the increased demand for access to broadband.

For the last two years, technology has experienced a substantial increase in the amount of deals for cloud computing and data management. With the proliferation of cloud computing, there has been an increased demand for more reliable security systems and data interchange. Evidenced by the \$7.68 billion deal Intel made for McAfee, technology will continue to vertically integrate to take advantage of economies of scale found in cloud computing. Therefore, we believe that the primary source of growth for the sector will lie in information technology services. While these companies are characterized by volatility, we seek to take advantage of positive tail risks while avoiding accumulating large positions in these risky securities.



Alfaro, M., Areces, A., Pascale, D., Licea, M., Medina, A. (Left to Right)

Michael Alfaro, Team Manager

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.

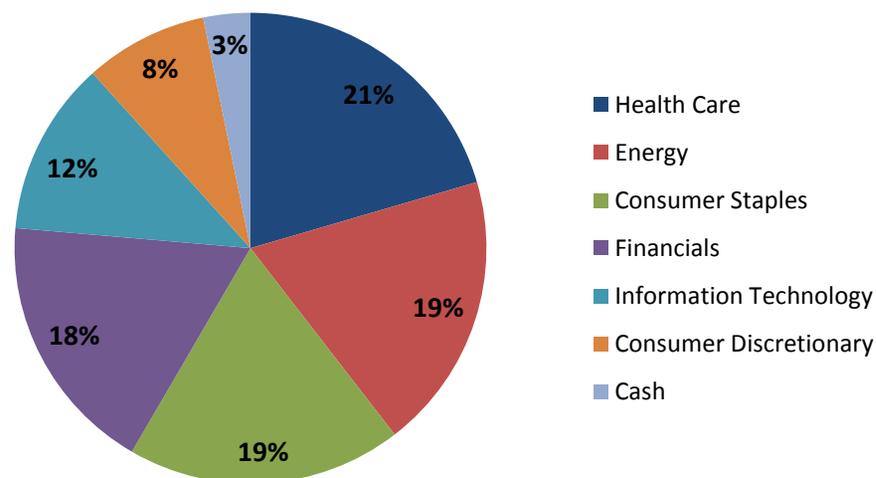
The Fund has been, thus far, an amazing experience that has given students an advantage to better initiate their careers. As the students graduate, they pave the way for newer analysts to gain further knowledge in equity analysis and portfolio management. The Fund is essential in providing experience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

Portfolio as of April 29, 2011

Asset Allocation on 04/29/2011:

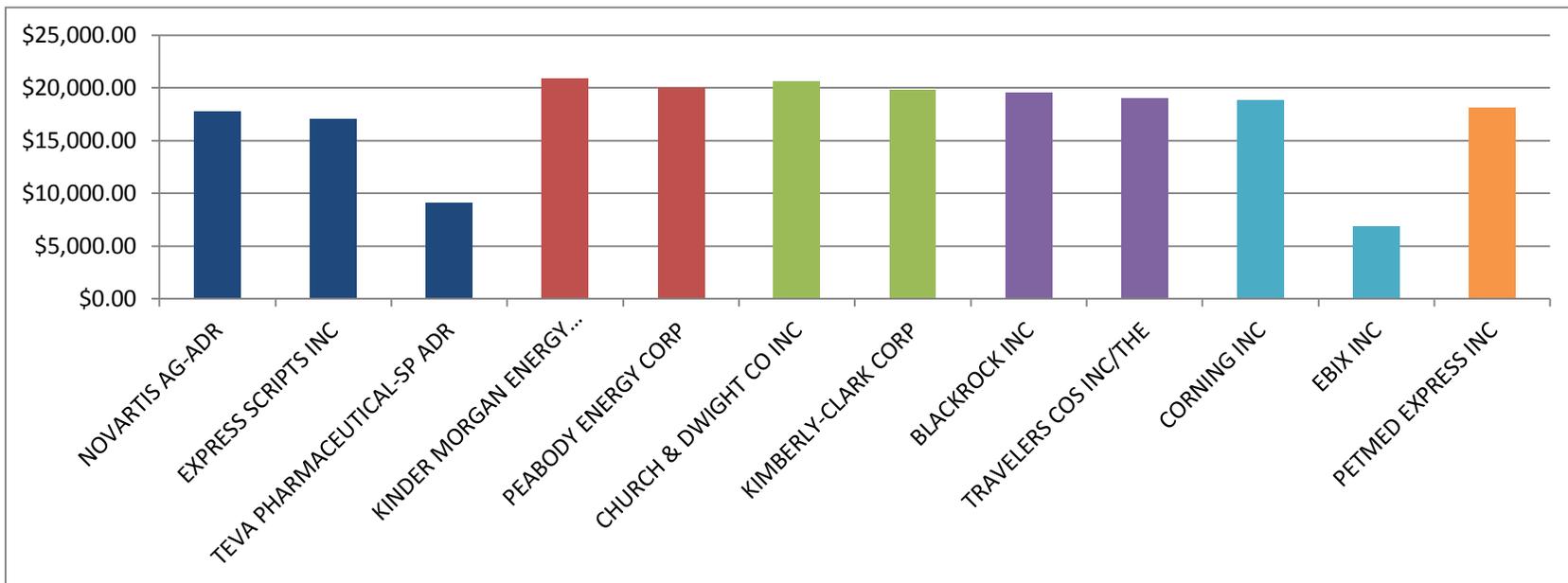
	4/29/2011	
	Weight	Value
Health Care	20.47%	\$43,919.00
Energy	19.07%	\$40,922.00
Consumer Staples	18.85%	\$40,438.00
Financials	17.98%	\$38,578.00
Information Technology	11.98%	\$25,701.00
Consumer Discretionary	8.44%	\$18,108.00
Cash	3.22%	\$6,908.91
Total Portfolio Value		\$214,574.91

Portfolio Allocation



Value on 04/29/2011:

NOVARTIS AG-ADR	\$17,751.00
EXPRESS SCRIPTS INC	\$17,022.00
TEVA PHARMACEUTICAL-SP ADR	\$9,146.00
KINDER MORGAN ENERGY PRTNRS	\$20,876.00
PEABODY ENERGY CORP	\$20,046.00
CHURCH & DWIGHT CO INC	\$20,620.00
KIMBERLY-CLARK CORP	\$19,818.00
BLACKROCK INC	\$19,594.00
TRAVELERS COS INC/THE	\$18,984.00
CORNING INC	\$18,846.00
EBIX INC	\$6,855.00
PETMED EXPRESS INC	\$18,108.00

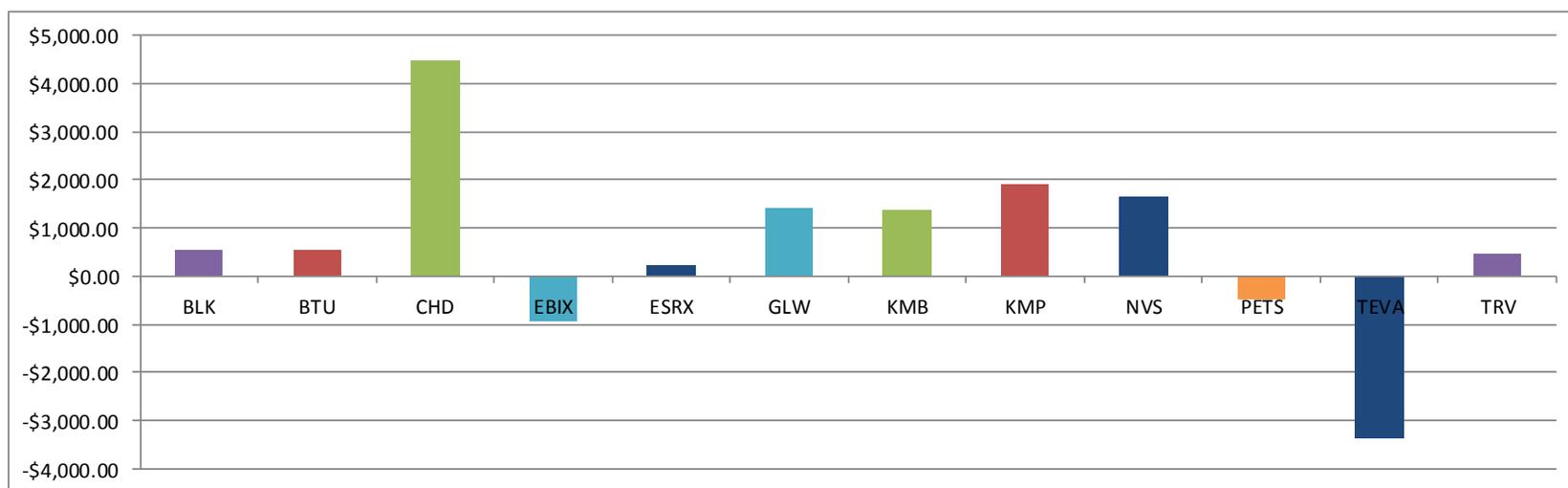


Academic Year Transactions

Trade Date	Symbol	Short Description	Buy Sell Code	Quantity	Price	Net Amount
5/3/2010	SCCO	SOUTH COPPER CO	S	-400	\$30.04	\$12,010.15
5/6/2010	MMP	MAGELLAN MIDSTR	S	-325	\$42.00	\$13,644.77
5/6/2010	FLIR	FLIR SYSTEMS	B	300	\$28.50	-\$8,555.00
5/21/2010	CHD	CHURCH & DWIGHT	B	300	\$64.57	-\$19,376.00
11/5/2010	FLIR	FLIR SYSTEMS	S	-300	\$28.46	\$8,532.85
11/8/2010	GLW	CORNING INC	B	800	\$19.10	-\$15,291.92
11/8/2010	EBIX	EBIX.COM INC	B	300	\$25.98	-\$7,798.10
11/18/2010	NEE	NEXTERA ENERGY	B	150	\$52.22	-\$7,837.85
11/19/2010	BMY	BRISTOL MYERS	S	-350	\$26.01	\$9,098.09
11/19/2010	KMP	KINDER MORG	B	250	\$69.85	-\$17,467.25
1/19/2011	PETS	PETMEDEXPRESS	B	200	\$15.50	-\$3,105.00
1/24/2011	PETS	PETMEDEXPRESS	B	1000	\$15.50	-\$15,513.00
4/14/2011	NEE	NEXTERA ENERGY	S	-150	\$55.14	\$8,265.86
4/19/2011	BLK	BLACKROCK INC	B	100	\$190.59	-\$19,064.00
4/25/2011	ESRX	EXPRESS SCRIPTS	B	300	\$56.04	-\$16,817.00
4/25/2011	TRV	TRAVELERS COS	B	300	\$61.78	-\$18,539.00
4/25/2011	CHD	CHURCH & DWIGHT	S	-50	\$78.15	\$3,902.42
4/26/2011	BTU	PEABODY ENERGY	B	100	\$65.19	-\$6,523.80
4/27/2011	KMP	KINDER MORG	B	20	\$76.75	-\$1,540.00
4/27/2011	BTU	PEABODY ENERGY	B	200	\$65.00	-\$13,005.00
4/27/2011	GLW	CORNING INC	B	100	\$21.51	-\$2,156.00

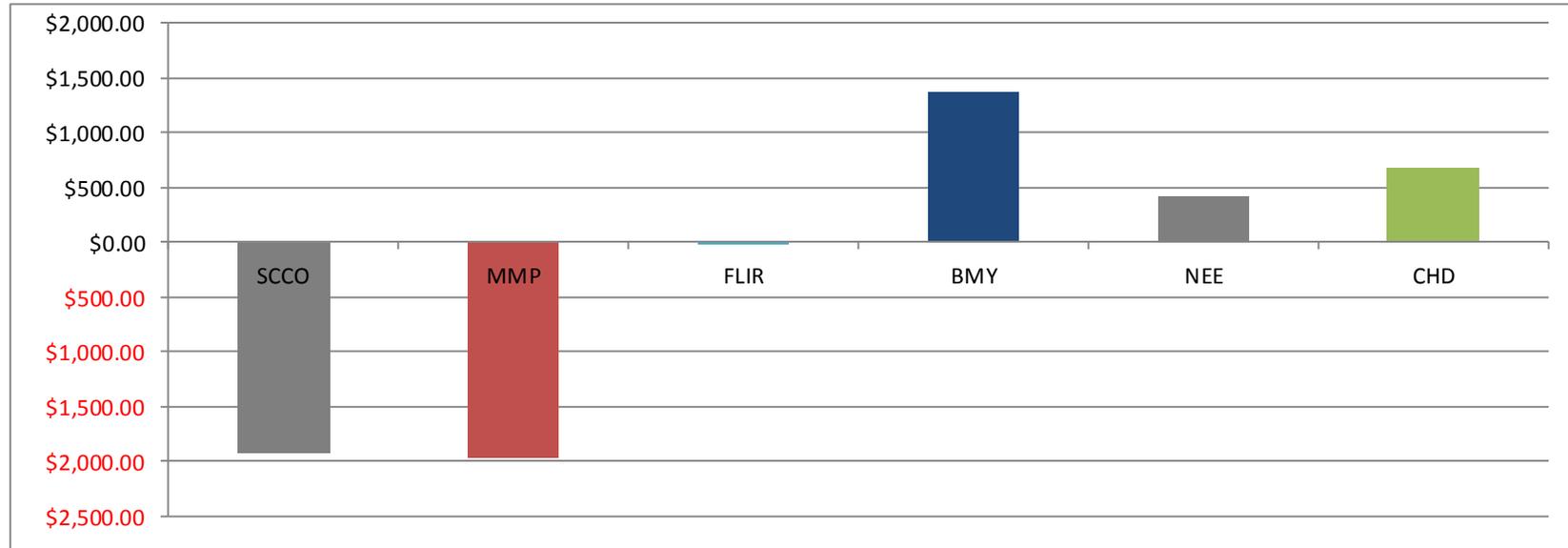
Academic Year Recognized Capital Gains

Description	Symbol	Quantity	Cost Price	Cost	Closing Price	Market Value	Net G/L	Net G/L %
BlackRock, Inc.	BLK	100	\$190.59	\$19,059.00	\$195.94	\$19,594.00	\$535.00	2.81%
Peabody Energy Corp	BTU	300	\$65.06	\$19,518.80	\$66.82	\$20,046.00	\$527.20	2.70%
Church & Dwight Co., Inc.	CHD	250	\$64.57	\$16,142.50	\$82.48	\$20,620.00	\$4,477.50	27.74%
Ebix Inc	EBIX	300	\$25.98	\$7,793.10	\$22.85	\$6,855.00	\$938.10	-12.04%
Express Scripts, Inc.	ESRX	300	\$56.04	\$16,812.00	\$56.74	\$17,022.00	\$210.00	1.25%
Corning, Inc.	GLW	900	\$19.37	\$17,430.92	\$20.94	\$18,846.00	\$1,415.08	8.12%
Kimberly-Clark Corp.	KMB	300	\$61.48	\$18,444.00	\$66.06	\$19,818.00	\$1,374.00	7.45%
Kinder Morgan Energy Partners, L.P.	KMP	270	\$70.36	\$18,997.25	\$77.32	\$20,876.40	\$1,879.15	9.89%
Novartis AG Basel	NVS	300	\$53.71	\$16,113.00	\$59.17	\$17,751.00	\$1,638.00	10.17%
PetMed Express, Inc.	PETS	1200	\$15.50	\$18,600.00	\$15.09	\$18,108.00	\$492.00	-2.65%
Teva Pharmaceutical Industries	TEVA	200	\$62.57	\$12,513.46	\$45.73	\$9,146.00	\$3,367.46	-26.91%
Travelers Companies Inc	TRV	300	\$61.78	\$18,534.00	\$63.28	\$18,984.00	\$450.00	2.43%
Total Equity value				\$199,958.03		\$207,666.40	\$7,708.37	5.10%
Cash Balance						\$6,908.91		
Total Portfolio Value as of 4/29/11						\$214,575.31		



Academic Year Realized Capital Gain

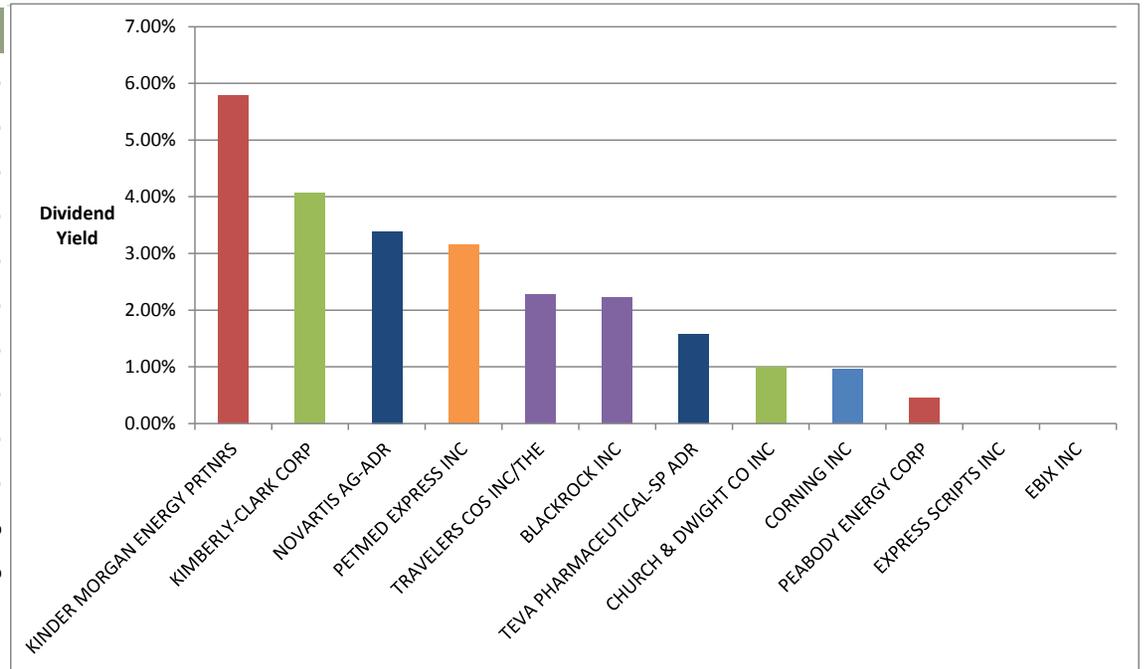
Description	Symbol	Quantity	Cost Price	Cost	Sale Price	Sale Proceeds	Net G/L
SOUTH COPPER CO	SCCO	400	\$34.81	13,930.00	\$30.04	\$12,010.15	\$1,919.85
MAGELLAN MIDSTR	MMP	325	\$48.03	15,614.75	\$42.00	\$13,644.77	\$1,969.98
FLIR SYSTEMS	FLIR	300	\$28.50	\$8,555.00	\$28.46	\$8,532.85	\$22.15
BRISTOL MYERS	BMY	50	\$22.10	\$7,730.00	\$26.01	\$9,098.09	\$1,368.09
NEXETRA ENERGY	NEE	150	\$52.22	\$7,837.85	\$55.14	\$8,265.86	\$428.15
CHURCH & DWIGHT	CHD	50	\$64.57	\$3,233.50	\$78.15	\$3,902.42	\$668.92



Academic Year Dividends

Dividend Yield as of 04/29/2011

KINDER MORGAN ENERGY PRITNRS	5.78%
KIMBERLY-CLARK CORP	4.06%
NOVARTIS AG-ADR	3.39%
PETMED EXPRESS INC	3.15%
TRAVELERS COS INC/THE	2.28%
BLACKROCK INC	2.23%
TEVA PHARMACEUTICAL-SP ADR	1.57%
CHURCH & DWIGHT CO INC	0.99%
CORNING INC	0.96%
PEABODY ENERGY CORP	0.46%
EXPRESS SCRIPTS INC	0.00%
EBIX INC	0.00%



Investment Review and Outlook for 2011/2012

(April 8, 2011)

From December 2009 till April 2011, the S&P 500 index rallied over 21% as companies reported better than expected earnings and fears of a double dip recession have subsided. On September 20, 2010, the National Bureau of Economic Research reported that the Great Recession was officially over and that the economy was on track to grow slightly over 2% for 2011. In response to sluggish growth, the Fed has pursued a second round of quantitative easing till June 2011 in order to jump start the economy. The market has also priced in the Fed's unwillingness to tighten monetary policy until housing prices increase and unemployment falls from its ten-year highs.

Domestic equity markets have continued to rally in response to the Fed sponsoring the risk trade; however, despite a two-year bull market, equity markets are still relatively undervalued because the S&P is trading below its historical P/E of 16. With a P/E of 15.56, investing in equities has become riskier although we do believe there are pockets of growth still available in some sectors. According to Bloomberg, firms in the S&P are holding over \$1.15 trillion in cash on their balance sheets; this healthy position has enabled companies to engage in more M&A activity. Moreover, the market has continued to price a loose interest rate environment evidenced by December futures trading at a .30%.

From the March 2010 flash crash till April 2011, Brent Sweet Crude has rallied over 62% and other commodities such as cotton, copper, and gold have followed suit. As inflation continues to affect consumer prices, we believe that maintaining a portfolio of inflation resistant stocks will allow our portfolio upside potential while protecting ourselves from the risks of decreasing margins. Bargains have become more difficult to find; however, our value conscious strategy will allow our portfolio to take advantage of an improving economic environment.

-Michael Alfaro

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 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 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.