



Annual Report

2013

Student Investment Fund

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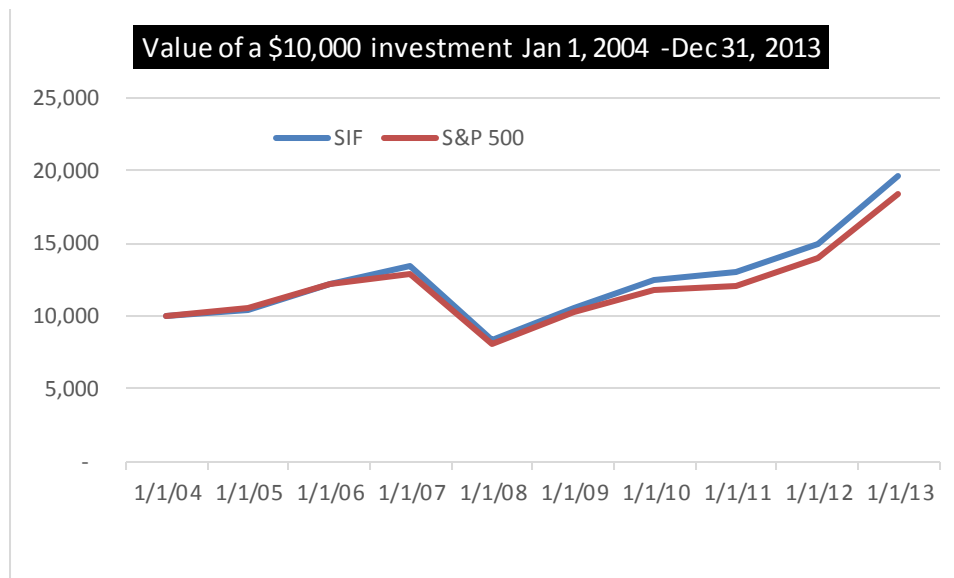
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Management Discussion of Fund Performance

FUND GOAL; The Student Investment Fund (“SIF”) seeks investment results that correspond to the total return (i.e. the combination of capital changes and income) of large cap common stocks publicly traded in the U.S. as represented by the S&P's 500 index, while keeping transaction costs and other expenses low. SIF shareholders are not subject to taxes and have virtually no liquidity needs. Consequently the management team does not focus on tax strategy or liquidity management strategies.

PERFORMANCE; For the 12-month period ended December 31, 2013, the SIF posted a total return of 30.57%. The Fund’s benchmark, the S&P 500 Index, posted a total return of 32.39%. Against a backdrop of modest economic growth, contained inflation, generally favorable corporate earnings and ongoing central bank accommodations, most stocks posted robust performance for the 12-month period. The fiscal year began with the Federal Reserve (the “Fed”) launching a third—and massive—quantitative easing (QE3) program to spark economic growth and knock down the unemployment rate. Even though the Fed began tapering in the final quarter of the year, stocks turned in impressive performances. With continued low interest rates, investors had few investment alternatives.



Cumulative Performance Statistics through December 31, 2013

	Cumulative Total		Excess (Deficient) Return	Annualized		Difference in standard deviation
	Annualized Returns			monthly	Standard	
	<u>SIF</u>	<u>S&P500</u>	Deviation	<u>SIF</u>	<u>S&P500</u>	
Since						
4/13/98	5.17%	5.13%	0.04%	15.84%	15.93%	-0.09%
10 Years	8.61%	7.41%	1.20%	15.02%	14.62%	0.41%
5 Years	18.69%	17.94%	0.75%	15.10%	15.81%	-0.72%
3 Years	16.26%	16.18%	0.08%	11.99%	12.11%	-0.11%
1 Year	30.57%	32.39%	-1.82%	8.63%	8.48%	0.15%

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and net asset value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please visit our portfolio website at <http://www.utulsa.edu/academics/colleges/collins-college-of-business/centers-and-institutes/student-investment-fund/portfolio.aspx>.

Statement of Assets and Liabilities

Statement of Assets and Liabilities December 31, 2013

Assets:	
Investments, at cost	\$2,176,266
Investments, at value	3,673,165
Total Investments	3,673,165
Cash	45,256
Total Assets	<u>\$3,718,421</u>
 Liabilities:	
Total Liabilities	<u>0</u>
Net Assets	<u><u>\$3,718,421</u></u>

Statement of Operations

Investment Income:	
Interest and Dividend income	\$ 54,734
Total income	<u>54,734</u>
Expenses:	
Commissions and Fees -- Merrill Lynch	1,415
Net expenses	<u>1,415</u>
Net investment income	<u>\$ 53,320</u>
Realized/Unrealized Gains/(Losses) on Investments:	
Change in net assets resulting from operations	\$ 872,470

Statement of Changes in Net Assets

January 1, 2013 December 31, 2013

From Investment Activities:	
Operations:	
Net investment income	\$ 54,734
Net realized gains/(losses) from investment transactions	0
Change in unrealized appreciation/depreciation on investments	<u>817,735</u>
Change in net assets resulting from operations	<u>872,470</u>
Distributions to Shareholders:	
Total Distributions	0
Change in net assets from shareholder distributions	<u>0</u>
Change in net assets from capital transactions	<u>0</u>
Change in net assets	<u>872,470</u>
Net Assets:	
Beginning of year	<u>2,845,951</u>
End of year	<u><u>\$3,718,421</u></u>

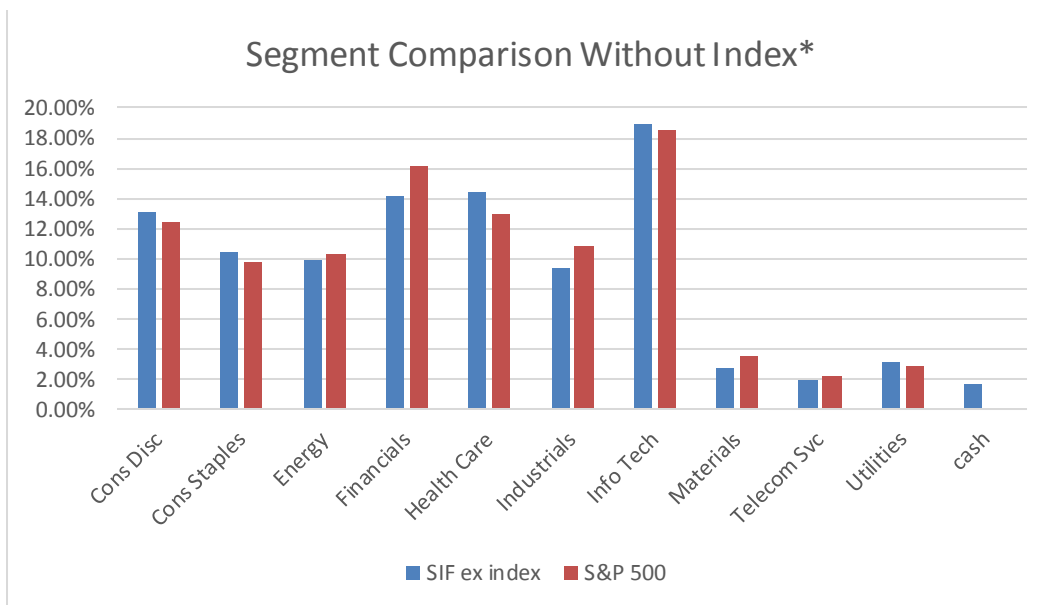
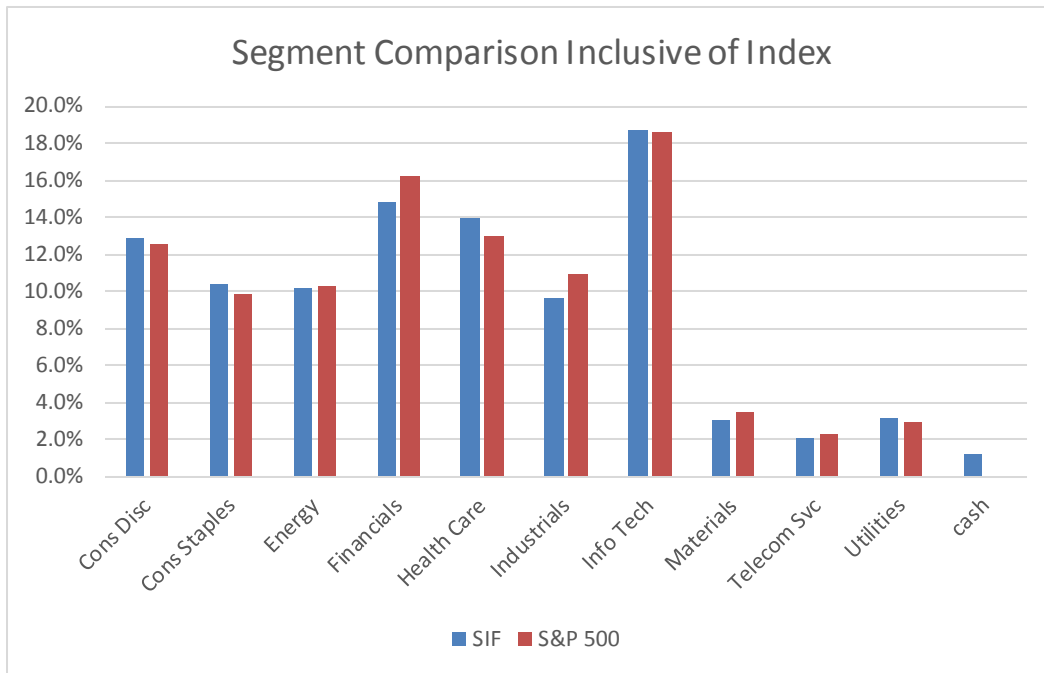
Schedule of Portfolio Investments

Securities Held					
As of December 31, 2013					
Symbol	Name	Quantity	Market value	Gain	Sector
AAPL	Apple Inc.	193	\$ 108,276.86	\$ 131,393.84	Info Tech
BNS	Bank of Nova Scotia	1,232	77,061.60	3,580.34	Financials
BTE	Baytex Energy Corp	750	29,370.00	765.50	Energy
BUD	Anheuser-Busch Inbev Sa/Nv	225	23,953.50	1,341.25	Cons Disc
CAT	Caterpillar Inc	771	70,014.51	31,757.49	Industrials
CB	Chubb Corp	1,240	119,821.20	18,719.20	Financials
CCE	Coca-Cola Enterprises Inc	615	27,139.95	8,136.45	Cons Staples
CF	CF Industries Holdings	80	18,643.20	3,369.80	Materials
CNI	Canadian National Railway Co	2,572	146,655.44	61,887.49	Industrials
CNL	Cleco Corp	1,267	59,067.54	11,879.01	Utilities
COST	Costco Wholesale Corp	200	23,804.00	4,045.00	Cons Staples
CTSH	Cognizant Tech Sol Corp	676	68,262.48	32,877.72	Info Tech
DEO	Diageo PLC ADS	630	83,424.60	39,524.40	Cons Staples
DSW	DSW A	600	25,638.00	6,213.00	Cons Disc
FCX	Freeport-McMoRan	165	6,227.10	-9,390.15	Materials
GILD	Gilead Sciences Inc	2,261	169,801.10	161,940.08	Health Care
GIS	General Mills Inc	1,077	53,753.07	30,054.67	Cons Staples
HP	Helmerich & Payne Inc	650	54,652.00	16,544.00	Energy
IFF	Int'l Flavors & Fragrances Inc	564	48,492.72	24,411.00	Materials
INTC	Intel Corp	2,500	64,887.50	11,487.50	Info Tech
ISRG	Intuitive Surgical Inc	98	37,639.84	18,140.22	Health Care
ITW	Illinois Tool Works Inc	311	26,148.88	8,281.93	Industrials
JNJ	Johnson & Johnson	680	62,281.20	11,128.00	Health Care
JPM	JPMorgan Chase & Co	1,453	84,971.44	19,376.86	Financials
KMB	Kimberly-Clark Corp	544	56,826.24	26,595.12	Cons Staples
MA	MasterCard Cl A	192	160,408.32	108,309.36	Info Tech
MCD	McDonalds Corp	280	27,168.40	1,688.40	Cons Staples
NEE	NextEra Energy Inc	40	3,424.80	234.60	Utilities
NKE	Nike Inc Cl B	1,062	83,515.68	54,884.26	Cons Disc
NSR	NeuStar Cl A	546	27,223.56	7,042.54	Info Tech
OXY	Occidental Petroleum Corp	618	58,771.80	9,250.17	Energy
PCLN	priceline.com Inc	83	96,479.20	84,722.25	Cons Disc
QCOM	Qualcomm Inc	830	61,627.50	8,079.06	Info Tech
SBUX	Starbucks Corp	350	27,436.50	-1,126.50	Cons Disc
SLB	Schlumberger Ltd	499	44,964.89	14,109.46	Energy
SO	Southern Co	470	19,321.70	-427.70	Utilities

Schedule of Portfolio Investments (continued)

Symbol	Name	Securities Held		Gain	Sector
		Quantity	Market value		
SPY	SPDR S&P 500	6,074	1,121,807.07	450,611.29	X Index
SYK	Stryker Corp	450	33,813.00	39.00	Health Care
T	AT&T	795	27,952.20	4,777.11	Telecom Svc
THI	Tim Horton's	1,143	66,728.34	11,681.46	Cons Disc
TOL	Toll Brothers Inc	425	15,725.00	2,439.75	Cons Disc
USB	U.S. Bancorp	2,100	84,840.00	28,740.50	Financials
VAR	Varian Medical Systems Inc	932	72,407.08	5,091.44	Health Care
VZ	Verizon Communications Inc	460	22,604.40	2,824.40	Telecom Svc
XOM	Exxon Mobil Corp	693	70,131.60	29,867.98	Energy
Cash	Cash	45,256	45,256.00	0.00	Cash
Total			\$3,718,421.01	\$1,496,898.55	

Sector Allocation as of Year End, 2013



*The SIF is mandated to keep at least 30% of its holdings in the Spyder Exchange traded fund ("ETF") This second chart reflects the sector allocation of the fund assuming we did not hold the ETF

Sector Comparison Year, 2013				
Sector	Sum of Market value	SIF	SIF ex index	S&P 500
Cons Disc	339,476.2	12.8%	13.07%	12.50%
Cons Staples	272,116.3	10.4%	10.48%	9.80%
Energy	257,890.3	10.2%	9.93%	10.30%
Financials	366,694.2	14.8%	14.12%	16.20%
Health Care	375,942.2	14.0%	14.48%	13.00%
Industrials	242,818.8	9.7%	9.35%	10.90%
Info Tech	490,686.2	18.7%	18.90%	18.60%
Materials	73,363.0	3.0%	2.83%	3.50%
Telecom Svc	50,556.6	2.1%	1.95%	2.30%
Utilities	81,814.0	3.1%	3.15%	2.90%

Investment Transactions

Securities Purchased

January 1, 2013 to December 31, 2013

Date	Company	Ticker	Quantity	Price	Amount
12/02/2013	BANK OF NOVA SCOTIA	BNS	450	62.37	-28,107.68
12/02/2013	STARBUCKS CORP	SBUX	350	81.52	-28,563.47
12/02/2013	STRYKER CORP	SYK	450	74.96	-33,774.30
10/22/2013	ANHEUSER-BUSCH INBEV	BUD	225	100.41	-22,612.50
10/22/2013	TOLL BROS INC	TOL	425	31.17	-13,285.46
10/03/2013	BANK OF NOVA SCOTIA	BNS	282	57.19	-16,154.12
10/03/2013	CANADIAN NATL RAILWAY	CNI	105	101	-10,614.14
10/03/2013	NEXTERA ENERGY INC	NEE	40	79.68	-3,190.80
04/30/2013	BAYTEX ENERGY CORP	BTE	1300	39.13	-50,989.70
04/30/2013	CF INDS HLDGS INC	CF	80	190.83	-15,273.60
04/30/2013	JOHNSON AND JOHNSON	JNJ	250	84.92	-21,251.25
04/30/2013	SPDR S&P 500 ETF TRUST	SPY	125	158.81	-19,862.50
04/09/2013	HELMERICH PAYNE INC	HP	650	58.54	-38,107.62
03/19/2013	BANK OF NOVA SCOTIA	BNS	500	58.35	-29,219.90
03/19/2013	JPMORGAN CHASE & CO	JPM	500	50.63	-25,362.50
03/12/2013	CHUBB CORP	CB	590	85.65	-50,587.31
03/12/2013	VARIAN MEDICAL SYS INC	VAR	690	72.32	-49,962.90
02/05/2013	COGNIZANT TECH SOLUTNS	CTSH	26	77.62	-2,020.46
02/05/2013	INTEL CORP	INTC	2500	21.27	-53,400.00
02/05/2013	QUALCOMM INC	QCOM	84	67	-5,635.56

Securities Sold

January 1, 2013 to December 31, 2013

Date	Company	Ticker	Quantity	Price	Amount
12/02/2013	BAYTEX ENERGY CORP	BTE	-550	40.79	22,384.67
12/02/2013	GENERAL MILLS	GIS	-500	50.32	25,115.81
120/2/2013	GILEAD SCIENCES INC	GILD	-525	74.42	39,024.15
10/22/2013	GENERAL MILLS	GIS	-550	49.03	26,919.28
100/3/2013	SPDR S&P 500 ETF TRUST	SPY	-178	167.69	29,832.78
04/30/2013	AGRIUM INC	AGU	-60	92.34	5,534.88
04/30/2013	FACTSET RESH SYS INC	FDS	-734	91.25	66,908.18
04/30/2013	INTL FLAVORS&FRAGRNC	IFF	-200	76.82	15,344.96
04/30/2013	VARIAN MEDICAL SYS INC	VAR	-275	63.98	17,569.36
04/09/2013	EOG RESOURCES INC	EOG	-300	125.12	37,507.80
03/19/2013	SPECTRA ENERGY CORP	SE	-977	28.86	28,112.48
03/12/2013	INTUITIVE SURGICAL INC	ISRG	-98	511.73	50,140.00
03/12/2013	LULULEMON ATHLETICA	LULU	-750	69.11	51,763.59
02/05/2013	SPDR S&P 500 ETF TRUST	SPY	-400	149.83	59,893.66

Strategy for Portfolio Transactions

In both the spring and fall 2013 semesters, students sought to keep sector weights closer to the S&P 500 index weightings. Both were disappointed in 2012 results relative to the index. The Portfolio and Risk Committees' performance attribution analysis showed that sector differences and low beta stocks drove our under performance. We rebalanced to sector first and then to relative risk measures. Finally, we sought higher dividend yielding stocks as a defensive strategy.

Statement of Purpose

Members of the University of Tulsa's Student Investment Fund, meet to further their knowledge of financial management, elevate their experience in the investment arena, promulgate their objectives and purposes to the public, master the practices, habits, and ethics of finance professionals, and to promote social and professional relationships amongst their membership. This background will provide students with superior knowledge and competitive ability in their professional field.

Students will also, as beneficiaries, endeavor to provide superior returns to SIF shareholders – those individuals who have enabled students to enjoy the SIF experience by donating to the Finance Excellence Fund.

Investment Objectives and Restrictions

Each portion of the Fund shall be under the supervision of the members and subject to the following objectives and restrictions.

- The Index Fund Portion shall consist of investments in S&P Depository Receipts and the Merrill Lynch S&P 500 Index Fund.
- The Cash Equivalent Portion shall consist of Cash in the Operating Budget and shares of the Merrill Lynch Money Market Account.
- Fixed Income is currently not an active portion of the fund. Inclusion of fixed income securities in the Fund must be approved by the portfolio committee, the Faculty Advisor, and the Board of Directors before investing commences.
- The Equity Portion shall consist of investments in common stocks. Periodic consideration, if consistent with other policy funds may invest in foreign electronic traded funds (ETFs) denominated in US dollars and traded on a US exchange.
- As a goal for return on a risk-adjusted basis, the Equity portion of the Fund should have positive alpha over the long term.
- An initial investment in any one stock should not be more than 5% of the Funds principal without written approval of the Board.
- The total investment in any one stock held by the Fund should not represent more than 7% of the common stock investment portion without written approval of the Board.
- With respect to sector diversification, the Fund's diversification shall be relative to the S&P 500. More specifically, the Fund shall have no more or less than 50% difference in the sector weightings in comparison to the S&P 500 sector weightings. For clarity, if a sector accounts for 12% of the S&P, the SIF proportion must be between 6% and 15%. Sectors with S&P 500 weightings below 5.0% of the total S&P 500 weight may be adjusted to 0-8% of the SIF portfolio. If parameters are exceeded, or not met, the portfolio committee will decide if action needs to be taken.
- All securities purchases for the portfolio must have a market capitalization of \$2 billion or greater.
- The Index Fund portion will be required to be a minimum of 30% of the overall Fund. This portion of the Fund acts as a measure of volatility control. More specifically, this will help control the risk and return of the overall Fund consistent with commercial Mutual Fund investing.

- The cash equivalent portion of the Fund for performance monitoring purposes will be compared against the returns of the 91-day Treasury bill. The cash portion will be invested in the Merrill Lynch Money Market Deposit Account. This will allow for liquidity and low transaction costs. SIF recognizes that liquidity management is not a high priority for the fund because redemptions are entirely within the SIF's discretion. We recognize that cash holdings reduce return. Consequently, cash holdings in excess of 1% of the fund must be invested. Since material contributions are made during the year, SIF fund managers and the Faculty Advisor have the flexibility to invest contribution over a four month period.

History

Since 1997, the Student Investment Fund (SIF) Class has given TU finance majors unparalleled opportunity to apply financial theories and models to portfolio design and management. The SIF provides students with hands-on experience that prepares them for a financial career and allows them the flexibility to develop their own strategies and ideas with less personal risk. Fund earnings have provided more than \$650,000 in scholarships to over 190 students. As of December 31, 2013, the fund was valued at over 3.7 million. In July of 2014, the fund surpassed \$4 million.

SIF Advisory Board

The SIF Advisory Board shall consist of members from the Tulsa business community appointed by the University Of Tulsa Friends Of Finance Board. The Board shall also include the Director of the College of Business and the Director of Endowment. The Board shall meet with the Faculty Advisor as needed to approve charter or investment strategy changes or decisions. In addition, the Board shall serve as SIF's voice of experience and advise the Membership as necessary. Current advisory board members are listed below.

David Dunham – Chair, VP Trading and Strategic Planning, Unit Corporation

James Arens, Chief Investment Officer, Trust Company of Oklahoma

Jana Shoulders, President & CEO, Adams Hall Wealth Management

Richard Burgess, Professor and Director of the School Finance, Operations Management and International Business, University of Tulsa

Scott Larrison, Associate Controller, Director of Endowments and Investments, University of Tulsa

Tally Ferguson, Director of Risk Management, Bank of Oklahoma

Markham Collins, Professor, University of Tulsa (Ex-Officio Advisor)