

# SSIF NEWSLETTER

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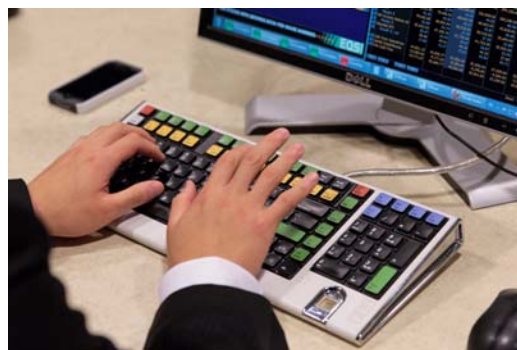
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“The SIU Foundation has provided a valuable hands-on opportunity for SIU students. In return, the students manage the portfolio with their unique insights, intense passion, and a high level of professionalism.”

-Dr. Jason Greene, SSIF Faculty Advisor

## BLOOMBERG ARRIVES AT SIU

Seven Bloomberg terminals were added to the Burnell D. Kraft Trading Floor in June 2012. The Kraft Trading Floor, located on the third floor of the College of Business, is a state-of-the-art classroom that serves as the primary meeting room for the SSIF. The room was completed in November 2003 thanks to a generous donation from Burnell D. Kraft. The addition of the Bloomberg terminals provides all College of Business students access to up-to-the-second news and financial market information. Bloomberg also serves as a valuable tool to inform SSIF members’ analysis as they research investment ideas for the SSIF portfolio.



The task of determining company valuation seemed like a daunting task to a college student, but the addition of Bloomberg to the Saluki Student Investment Fund has helped students learn various approaches with powerful tools. By putting valuable knowledge at our fingertips in an easy and accessible platform, Bloomberg helps us to find the value-relevant information and breaking news needed to make well informed buy or sell decisions.

The availability of Bloomberg is made possible by generous donations from SIU alumni, who want to give students the same tools

that professional fund managers use to run their investment funds. As the SSIF aims to deliver consistent and positive performance for our client, the SIU Foundation, this can only help us fulfill our mission.

SSIF members have given rave reviews of Bloomberg with its vast array of information platforms. The duties of being a member involve putting together presentations and valuating companies we own in each sector. Key elements of these presentations include financial ratios, charts, and access to financial statements — all of which are provided on Bloomberg, helping us fulfilling our duties on behalf of our client.

The SSIF and College of Business appreciates the continued support and generosity of Mr. Kraft and a number of other benefactors of the College of Business

-Brian Konagel '12

- Bloomberg and the Kraft Trading Floor
- 7 Bloomberg Terminals
  - 24/7 Secured Access
  - Bloomberg E-mail Addresses
  - Online Training and Certification

## RECENT PURCHASE

The Consumer Goods and Services sector team utilizes the SSIF’s investment philosophy and process to attempt to create value through stock selection to outperform our benchmark, the S&P 400 Midcap Equity Index. Fundamental research and analysis determines the stock selection that will positively contribute to the return of the portfolio. Through its analysis, the Consumer Goods and Services team identified Ascena Retail Group (ASNA) as a financially healthy company with significant growth potential. Given that its prices was below its estimated intrinsic value, the team decided to add ASNA to the SSIF portfolio.

Ascena Retail Group is a holding company that provides diverse exposure to women’s retailing through the ownership of strong brands such as Justice, Maurices, Dressbarn, Lane Bryant, and Catherines. The company has fueled its growth through strategic and successful acquisitions to increase its market share in women’s retailing through varying store concepts. Ascena is obtaining further growth by entering the Canadian market this year with success, experiencing significant increases in e-commerce, and developing and introducing a new brand concept aimed at young boys to complement the highly successful girl-focused Justice brand. In recent years, the company has experienced healthy revenue growth. Ascena is supporting this growth by developing the infrastructure needed to reduce overhead costs by consolidating and redesigning its logistics and distribution network, as well as supporting and synergizing its brands by further developing its shared services group.

The consumer goods and services team believes that Ascena’s moderate pricing strategy will make its revenues resilient to economic uncertainties. Furthermore, the team believes that the lowered overhead cost and increasing revenues will further contribute to the company’s







positive cash flows and help improve its gross margins. The Consumer Goods and Services team has determined that the purchase of Ascena Retail Group is an attractive investment opportunity that holds significant potential to positively contribute to the return of the portfolio.

-Sarah Pommer '12

## PERFORMANCE REVIEW

As of December 31, 2012

	Quarter	Fiscal YTD	1-Year	3-Year	5-Year	7-Year	10-Year	Since Inception
<b>SSIF</b>	<b>3.62%</b>	<b>8.82%</b>	<b>16.25%</b>	<b>16.81%</b>	<b>6.46%</b>	<b>7.95%</b>	<b>11.50%</b>	<b>6.06%</b>
Benchmark*	3.67%	9.14%	17.82%	13.24%	4.81%	5.82%	10.11%	6.88%
<i>Difference</i>	<i>-0.05%</i>	<i>-0.32%</i>	<i>-1.57%</i>	<i>3.57%</i>	<i>1.65%</i>	<i>2.13%</i>	<i>1.38%</i>	<i>-0.83%</i>

\* Performance of the benchmark is reported for the S&P 400 Midcap ETF (ticker: MDY)

SIU Foundation SSIF portfolio value as of December 31, 2012: **\$1,055,194.72**

## IMPROVED PROCESSES AND POLICIES

The SSIF recognizes the importance of forming a team of highly dedicated students willing to contribute the time and effort necessary to manage the portfolio with due diligence to add value for our client, the SIU Foundation. The SSIF experienced a significant increase of new members in the Fall 2011 semester, followed by attrition and low participation by some members. To address these issues, the SSIF began the Fall 2012 semester by creating new induction procedures.

Beginning in August 2012, prospective SSIF members completed an application and participated in an interview before making a commitment to SSIF. The interviews were conducted by Dr. Greene and continuing members, mainly focusing on the purpose, goals, and conduct of SSIF. Continuing members related their experiences in the SSIF and explained the necessary commitment of time and effort. Prospective students

benefited from the opportunity to ask questions and get acquainted with members before attending their first meeting.

As a result of the application and interviews, the SSIF was able to place new members in positions that best suited their interests and abilities. Likewise, new members were more eager to contribute after recognizing that SSIF highly valued and utilized the contributions of each individual. Complementary to the improved new member induction process, SSIF also implemented a more stringent attendance policy for both general and sector team meetings. The SSIF is pleased that the new procedures and policies have resulted in increases in both retention and participation. The SSIF plans to continue this process going forward to help build a committed, highly active team.

*-Sarah Pommer '12*

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## SECTOR SPOTLIGHT—FINANCIALS

The SSIF has the goal of beating its benchmark the S&P 400 by choosing mid-cap stocks with growth potential that represent a good value at their current prices. In order to accomplish this goal, students in the SSIF invest in a range of different sectors. The Financials sector team has been taking an in-depth look at how the financial industry has been performing since the 2008 crisis and has been watching diligently as the Euro crisis unfolds. In performing valuations of the sector stocks, the team is examining how the sector is reacting to this event along with new developments regarding the financial troubles of the U.S. Government.

In a now fiercely competitive and changing market, the valuations of financial institutions must be revisited and updated often. The students in the Financials sector team are doing just that with intrinsic valuations on every financial sector stock owned within the SSIF portfolio. It is hoped that this analysis will help determine which financial institutions will emerge from the competition. The Financials sector team recently updated and presented its analysis of First Niagra Financial Group. In doing so, the students learned that a decrease in cash flows may not necessarily be a bad thing, as FNFG has been spending money in order to purchases

several branches of banks from some of its competitors. The team believes that these expenditures will pay off in the future as the bank releases the benefits of the acquisitions. The Financials sector team has remained diligent in pursuing and valuing as many mid-cap financial institutions as possible in order to exploit an institutions advantage in this highly competitive sector.

The Financials sector also includes four new individuals from a variety of backgrounds bringing a new and exciting fresh perspective to a highly dynamic sector.

*-Cale Fields '12*

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## SSIF WEBSITE

Visit the new SSIF website for more information and to access past newsletters, annual reports, membership forms, and more at <http://rso.business.siu.edu/ssif/>

## SALUKI STUDENT INVESTMENT FUND

The Saluki Student Investment Fund (SSIF) exists to provide SIUC undergraduate students with hands-on experience in portfolio management and investment research. As such, the SSIF is modeled after a real investment management firm. SSIF students are focused on making the best investment decisions possible on behalf of their primary client, the SIU Foundation. The SSIF's investment philosophy is to capitalize on investment opportunities through focused research. The SSIF's competitive advantage is students' unique and unbiased perspective and their ability to spot trends in the markets, especially those that are perhaps driven by or favored by their generation.

SSIF members work in teams that focus their research on companies within specific sectors, such as the technology, financial, or healthcare sector. Each team's goal is to choose the best companies within their sector that give the portfolio the best chance to outperform the midcap equity benchmark. This requires students to put their class lessons to work within a professional environment. Moreover, students learn to collaborate and to take responsibility for their analysis and decisions as they make the case for their investment ideas.

The SSIF is open to undergraduate students from any major. In the past, most members have been from the College of Business, but students from other colleges within the University are welcomed. In recent years, SSIF students have been majors in Accounting, Business Economics, Finance, Management, Marketing, Physiology/Pre-med, and Psychology.

## ABOUT THE SSIF FACULTY ADVISOR

Dr. Jason Greene, Professor of Finance, is the current faculty advisor to the SSIF. Dr. Greene came to SIU following several years as an executive and Senior Investment Officer at INTECH Investment Management, LLC, a subsidiary of Janus Capital Group. At the time, INTECH managed approximately \$60 billion in large cap equities on behalf of its institutional clients, such as public and corporate pension plans and university endowment funds. While at INTECH, Dr. Greene collaborated closely with the firm's research and investment team of Ph.D. mathematicians and physicists in Princeton, New Jersey and he headed the firm's research and trading team in its West Palm Beach, Florida headquarters. Among other things, Dr. Greene was responsible for leading the development of a platform for customizing INTECH's products, analyzing portfolio performance, and training investment and client service personnel. He was also called on to work with clients and consultants to help them better understand INTECH's mathematical investment process. Prior to joining INTECH, Dr. Greene was a finance professor at Georgia State University for a decade and served as an expert consultant to mutual fund advisors and the SEC. Dr. Greene's research has been published in leading journals, such as *Journal of Banking and Finance*, *Journal of Finance*, *Journal of Financial Economics*, *Journal of Financial Markets*, *Journal of Investment Management*, *Journal of Portfolio Management*, and *Review of Financial Studies*.

For more information about Saluki Student Investment Fund, please contact Professor Jason Greene at 618-453-1421 or [jgreene@business.siu.edu](mailto:jgreene@business.siu.edu). Access the SSIF website at <http://rso.business.siu.edu/ssif/>.

## SENIOR SPOTLIGHT

Divyesh Shelar is a senior, majoring in Business Economics. While earning his degree, he was the President of the Southern Illinois Economics Association and an analyst for Saluki Student Investment Fund. According to Divyesh, the SSIF gave him a way to apply the knowledge that he learned in class, such as evaluating companies with financial ratios, analysis, and reports.

Being an SSIF member also gave Divyesh professional experience that he plans to apply to his job post-graduation. Upon graduating in December, he will move to Decatur, Illinois to take a position at Archer Daniels Midland in its commodities merchandising and elevator management group. His duties will include buying grain contracts and managing logistics.

Everyone in the SSIF will miss Divyesh and his collegiality and work-ethic. We wish him the best as he begins his career.

-Brian Konagel '12

