

Saluki Student Investment Fund

Annual Report

June 30, 2013

Southern Illinois University - Carbondale

About the 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 mid-cap 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.

As of June 30, 2013, the SSIF manages a total of approximately \$1,203,239.

History of the SSIF

The SSIF was established in May 2000 through the generosity of Mr. Omar Winter and his wife Carol, both alumni of Southern Illinois University Carbondale. Mr. and Mrs. Winter provided \$25,000 to start the student investment fund. Shortly thereafter, the SIU Foundation provided \$200,000 for the students to manage on its behalf – in essence, the SIU Foundation hired the SSIF as one of its portfolio managers. The goal of Mr. and Mrs. Winter and the SIU Foundation was to provide SIUC undergraduate students with hands-on experience in portfolio management and investment research.

Dr. Mark Peterson, Gordon & Sharon Teel Professor of Finance was the inaugural faculty advisor to the SSIF and remained its advisor over its first decade. During that first decade, the assets under management for the SSIF grew to more than \$325,000 and had participation from more than 60 SIUC undergraduates. When Dr. Peterson stepped up as Chair of the Department of Finance in 2010, Dr. Jason Greene, Professor of Finance, became the SSIF faculty advisor.

In April 2011, the SSIF made a proposal to the SIU Foundation to increase its mandate from approximately \$370,000 to \$1,000,000. In recognition of the diligence of the SSIF students in managing their portfolio from the SIU Foundation, the Foundation's Investment Committee approved the increase and transferred an additional \$630,000 to the account managed by the SSIF in May 2011.

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Executive Summary

This Annual Report is made to the SIU Foundation by the Saluki Student Investment Fund (SSIF) and discusses the performance of the SSIF for the Foundation's fiscal year ending June 30, 2013. The report begins with an annual review, followed by a summary of portfolio rebalancing. Also provided is a summary of investment policies and procedures. During this period, the SSIF made significant progress in managing the allocation in a manner that is more consistent with the investment mandate. The mandate is to remain fully invested in mid-cap US equities, with a benchmark of the S&P 400 Midcap Index. A summary of the current organizational structure is included. The report concludes with the economic and FY2014 outlook of the Saluki Student Investment Fund followed by a list of resolutions, and a complete member roster for the SSIF.

The SSIF posted outperformance in the most recent quarter and Fiscal Year 2013, as shown in the performance analysis. The SSIF continues to focus on beating the benchmark consistently rather than posting large short-term gains and at the risk of large short-term losses. Also included is an attribution of the returns into sector allocations and stock selection contributions. The SSIF's investment process creates value through stock selection; therefore, the SSIF strives to remain sector neutral in the allocation of its assets with the goal of tracking the benchmark as closely as possible. Individual stock's contribution to outperformance is noted, followed by a breakdown of how the teams' investment views guided the stock purchases in FY 2013.

Looking forward, the SSIF will be monitoring the possible economic recovery, which may experience headwinds in FY 2014 as the Federal Reserve makes signals to possibly end or continue its current monetary policies. The SSIF's economic outlook reflects the group's views of macro-economic trends that affect all sectors, as well as intra-economic trends that may affect individual sectors. Consumer demand, sustainable job creation, political factors, national monetary policies, and commodity prices are a few of the areas the group will focus on throughout the year.

Thank you for your continued support,
Saluki Student Investment Fund

Saluki Student Investment Fund - FY2013

Annual review

The Saluki Student Investment Fund has had a successful year. 2013 has provided the fund with several opportunities to hone valuation techniques and skills and remain committed to our investment methods and philosophy. In a year where markets were extremely volatile students remained committed to the investment philosophy of the fund, the mandate of the SIU Foundation, and remained invested in mid-cap stocks with key emphasis on investment in stocks that are primarily constituents of the S&P 400 mid-cap index. The individual sector teams were enthusiastic in conducting several valuations using a variety of valuation models and continued to outperform the S&P 400 mid-cap index benchmark. Attendance and participation policies were enforced in order to keep students engaged and active within the fund.

Portfolio Rebalancing

Table 1 shows the SSIF portfolio rebalancing over the fiscal year. The goal of the SSIF was to remain within a +/- 2% margin compared to the benchmark S&P Midcap 400 Index in each sector. All sectors remained within the +/- 2% parameter.

As of June 30, 2013 the 50 out of 51 stocks held in the SSIF portfolio are constituents of the S&P Midcap 400 Index benchmark. The single out-of-benchmark stock's capitalization is well within the benchmark's midcap range. The SSIF conducted 12 rebalancing trades over the course of FY 2013. In addition to making partial trades to rebalance the positions in the portfolio, 10 names were sold out of the portfolio and 11 new names were added the portfolio during the rebalancing trades.

Table 1: Portfolio and Benchmark Sector Weights

Sector	As of 6/30/12			Sector	As of 6/30/13		
	SSIF	Benchmark	Difference		SSIF	Benchmark	Difference
Cons. Disc.	11.96%	13.41%	-1.45%	Cons. Disc	12.85%	13.52%	-0.67%
Cons. Staples	4.00%	3.54%	0.46%	Cons. Staples	3.49%	4.28%	-0.79%
Energy	6.19%	5.37%	0.82%	Energy	5.66%	5.36%	0.30%
Financials	21.44%	22.30%	-0.86%	Financials	23.86%	22.76%	1.10%
Healthcare	10.02%	11.03%	-1.01%	Healthcare	9.49%	9.36%	0.13%
Industrials	17.25%	16.21%	1.04%	Industrials	16.48%	16.51%	-0.03%
Info-tech	15.79%	15.54%	0.25%	Info-Tech	14.64%	15.51%	-0.87%
Materials	6.27%	6.88%	-0.61%	Materials	7.08%	7.09%	-0.01%
Telecom	0.53%	0.53%	0.00%	Telecom	0.48%	0.50%	-0.02%
Utilities	5.31%	5.18%	0.13%	Utilities	5.34%	5.11%	0.23%

Table 2: Number of Portfolio Holdings

	As of 6/30/12	As of 6/30/13
Stocks in Portfolio	49	51
Portfolio Stocks also in Benchmark	48	50

Table 2 shows the total number of stocks held in the SSIF portfolio and the number of stocks that are constituents of the S&P 400 benchmark. The SSIF added a net two stocks to the portfolio in FY 2013. The one stock at the end of FY 2013 that is not a constituent of the benchmark has a capitalization within the S&P 400's capitalization range.

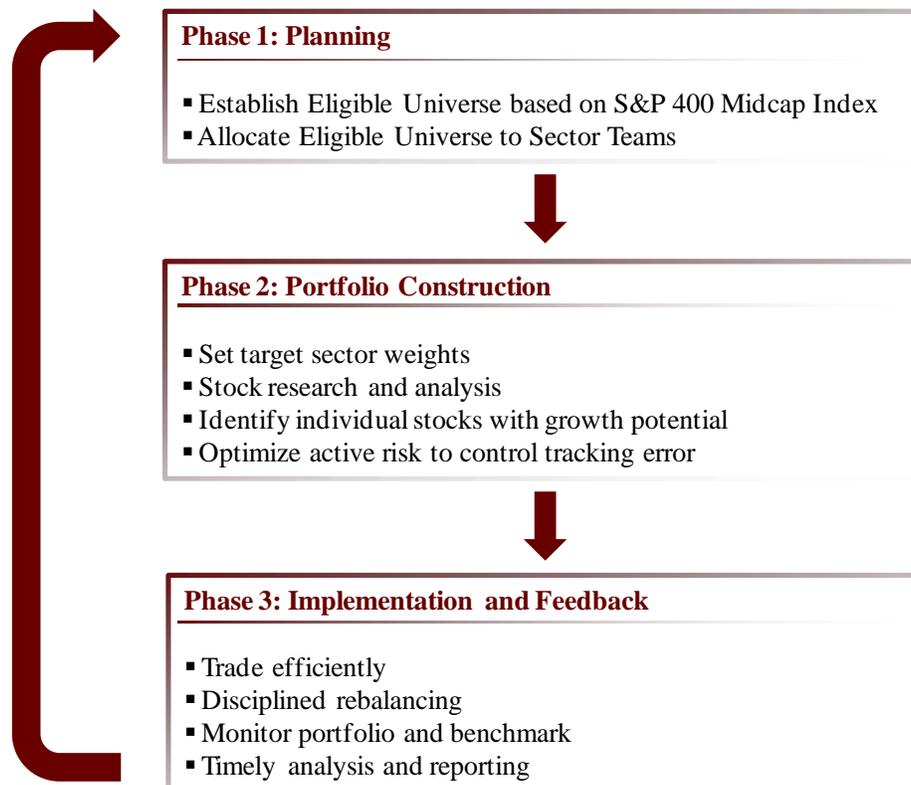
Investment Philosophy and Process

Investment Philosophy

- *SSIF believes markets are generally efficient; however, opportunities exist for a fundamental active strategy to outperform a passive benchmark.*
- *SSIF aims to capitalize on these opportunities by focusing on mid-cap stocks that are potentially less researched than large cap stocks, yet have sufficient liquidity and available value-relevant information.*
- *SSIF's competitive advantage originates from focused research and an unbiased student perspective of the market, operating outside of potential distractions of large investment management firms.*

Investment Process

SSIF Midcap Core Strategy



Eligible Universe

The eligible universe resolution states that the SSIF will have a minimum of 75% of the total portfolio value invested in stocks that are constituents of the benchmark S&P 400 Midcap Index. Also, the SSIF may not hold any stock that is a constituent of the S&P 500 or S&P 600 index, so as to avoid threatening the diversification efforts of the overall university endowment. The SSIF portfolio may be invested in stocks outside the S&P 400 only if the market capitalizations of those stocks are within 10% to 90% market capitalization of the constituents in the S&P 400 Index. No more than 25% of the total portfolio can be in stocks outside the S&P 400. The eligible universe resolution became effective as of October 1, 2010.

Sector Weights

The sector weight resolution states that the SSIF will normally maintain a sector weight of +/- 2% of the benchmark sector weights. Deviations outside of this range will be remediated in an orderly manner with the consideration of transaction fees. Also, if it is the decision of the SSIF members to allow an overweighting of certain sectors, a strong thesis should be presented to the group and the thesis must pass with a majority vote. The sector weights resolution became effective on October 26, 2010.

Equity Weights

The equity weight policy states that SSIF will not hold any stock in a weight above 5%. This is to protect the portfolio from excessive risk from overexposure to one stock. Any equity exceeding the 5% weight will be sold off in a disciplined manner. The team will perform a quantitative optimization in order to rebalance individual equity weights and sector weights according to their targets.

Cash Balance

The cash balance policy reflects the mandate given to the SSIF by the University Foundation to be fully invested. The SSIF cash balance policy states that the SSIF will hold no more than 1% cash in the portfolio at any time unless there is a proposed trade within two weeks' time. Allowing more than 1% cash for a short time period helps to reduce trading costs. This recognizes the potential need for the SIU Foundation to withdraw cash periodically. If the cash balance exceeds 1% when no trade is anticipated in the near future, purchasing an Exchange Traded Fund (ETF), that tracks the S&P 400 Index, will equitize the excess of 75 basis points. Finally, if the cash in the portfolio falls below 25 basis points, appropriate actions will be taken to raise the cash back to the 75basis point target. The cash balance resolution became effective as of October 26, 2010.

Organizational Structure

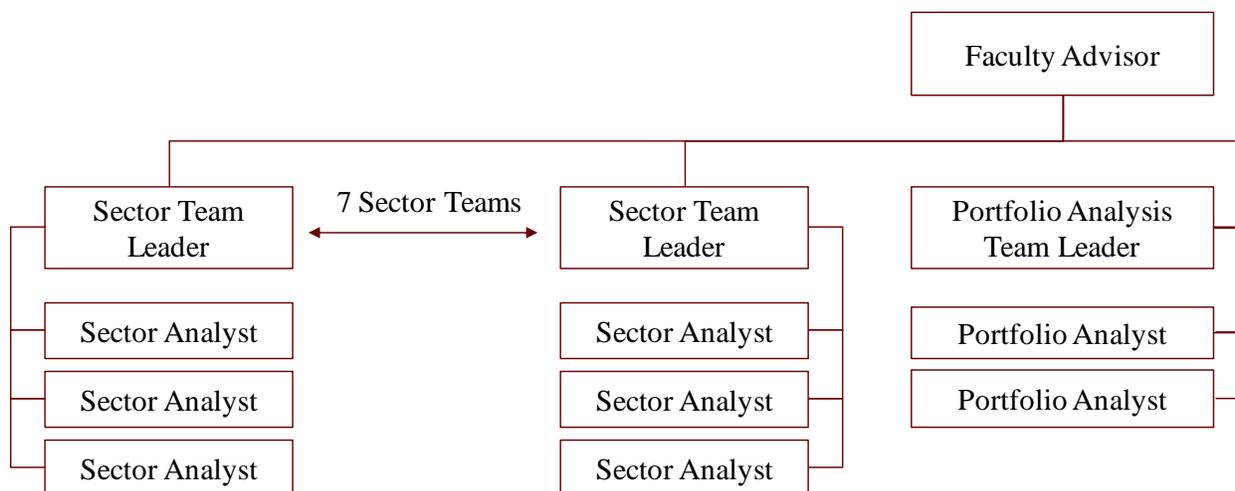
The Saluki Student Investment Fund is a group in which students can apply classroom lessons as professionals within an organization that operates as a real investment management firm. Students have full responsibility for researching companies and making buy/sell decisions. The responsibilities of the SSIF are divided into different categories and are assigned based on experience and general interest in a specific duty. Those duties include, but are not limited to:

Portfolio Analyst: Monitors equity positions and sector weights, performs quantitative optimization of the portfolio for trading and re-balancing, and does monthly performance attribution of stocks and sectors for internal analysis.

Team Leader: Normally the most experienced student in a sector team, he/she has the responsibility of mentoring sector analysts, as well as providing guidance for buy/sell decisions.

Sector Analyst: Provides information for the sector team on companies either in the portfolio or that are a potential purchase target.

Faculty Advisor: Advises the SSIF in all activities.



Sector Teams

- Consumer Goods & Services
- Energy & Utilities
- Financials
- Health Care
- Industrials
- Info-Tech & Telecom
- Materials

Performance Analysis

Table 3 below shows the SSIF performance vs. the S&P 400 benchmark. The SSIF and the S&P 400 both posted gains over the last year of 25.31% and 25.18% respectively. Over the most recent quarter the SSIF and the S&P 400 also posted gains of 1.24% and 1.00%. In both cases the SSIF has out-performed the benchmark by .24% over the recent quarter and .12% over the last year. While the SSIF is pleased with positive returns and outperforming the benchmark over these short-term periods, the SSIF remains committed to fundamental research, analysis, and valuations that select for stocks with potential to provide growth and outperformance over long-term periods. The goal of the SSIF is to continue to outperform the S&P 400 Benchmark over the 7 and 10 year periods while controlling risk relative to the benchmark measured by tracking error. By tirelessly working toward this goal, the SSIF adds value to the SIU Foundation's portfolio over time while limiting the risk of significant short term underperformance of the S&P 400 Midcap core benchmark.

Table 3: Performance Summary

As of June 30, 2013

	Quarter	Calendar YTD	1-Year	3-Year	5-Year	7-Year	10-Year	Since Inception
SSIF	1.24%	15.15%	25.31%	22.34%	10.01%	9.67%	11.81%	6.97%
S&P 400 Benchmark*	1.00%	14.59%	25.18%	19.45%	8.91%	7.72%	10.74%	8.48%
<i>Difference</i>	<i>0.24%</i>	<i>0.56%</i>	<i>0.12%</i>	<i>2.89%</i>	<i>1.10%</i>	<i>1.95%</i>	<i>1.06%</i>	<i>-1.51%</i>
Tracking Error**			1.75%	2.42%	4.36%	4.37%	4.86%	5.74%
Information Ratio***			0.07	1.20	0.25	0.45	0.22	-0.26
Months > Benchmark			42%	56%	55%	52%	52%	49%

Periods greater than one year are annualized.

* Performance of the benchmark is reported for the S&P 400 Total Return Index (Source: Bloomberg SPTRMDCP Index)

** Tracking error is annualized and based on monthly return differences relative to the benchmark.

*** Information ratio is the ratio of the annualized relative return divided by the tracking error

****SIU Foundation portfolio value as of June 30, 2013: **\$1,203,239.08**

Figure 1: Annualized Average Return (as Jun 30, 2013)

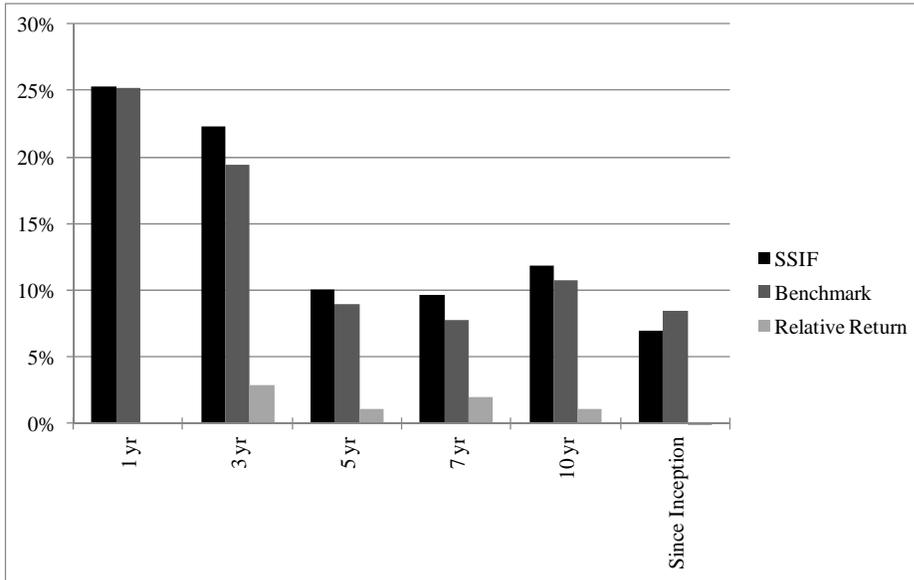


Figure 1 and Figure 2 show the cumulative returns of the SSIF and the benchmark since inception and the relative return between the two.

Figure 2: Cumulative Returns since Inception

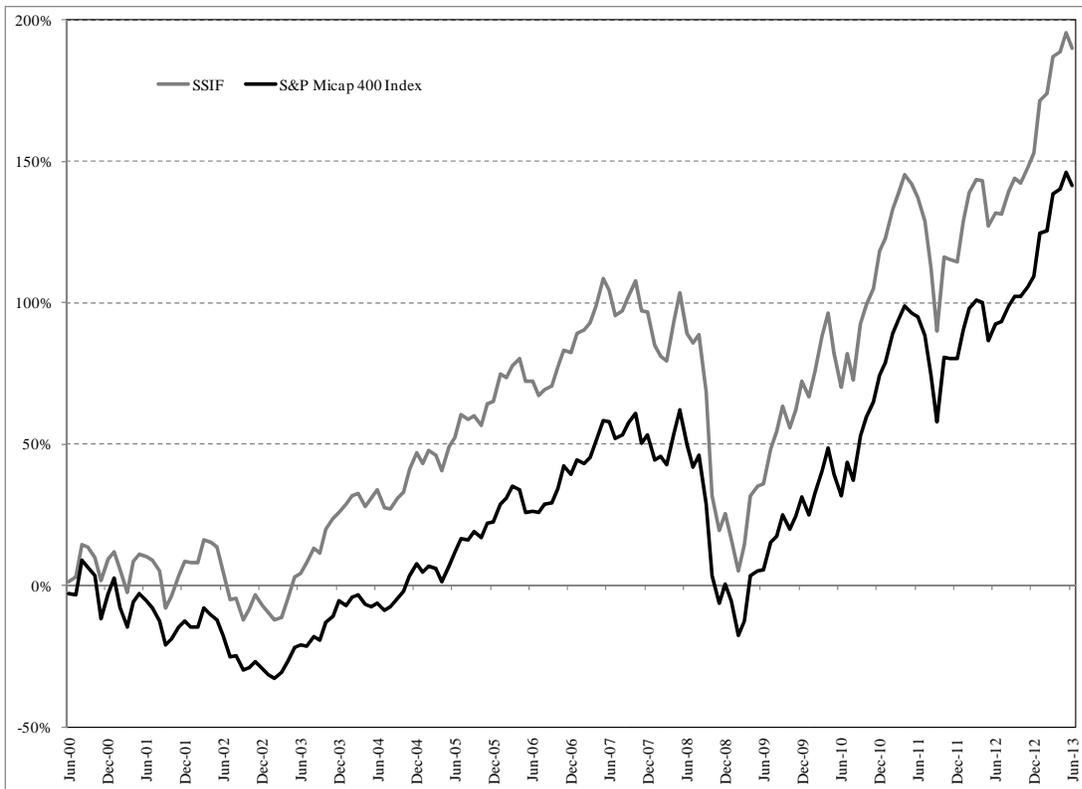


Figure 3 shows the returns for the SSIF relative to the benchmark over each month during FY 2013. The SSIF struggled early on in its inception which contributes negatively to overall performance since inception. However, the students of the SSIF, relentless and dedicated to the investment philosophy and process of the SSIF have made improvements and have outperformed the benchmark over the most recent 7 and 10 year periods. The SSIF remains committed to applying the investment philosophy and process toward the goal of outperforming the benchmark over the long while reducing the risk of significant underperformance over the short-term. Performance by calendar and fiscal year are reported in

Figure 3: Monthly Returns during the Fiscal Year

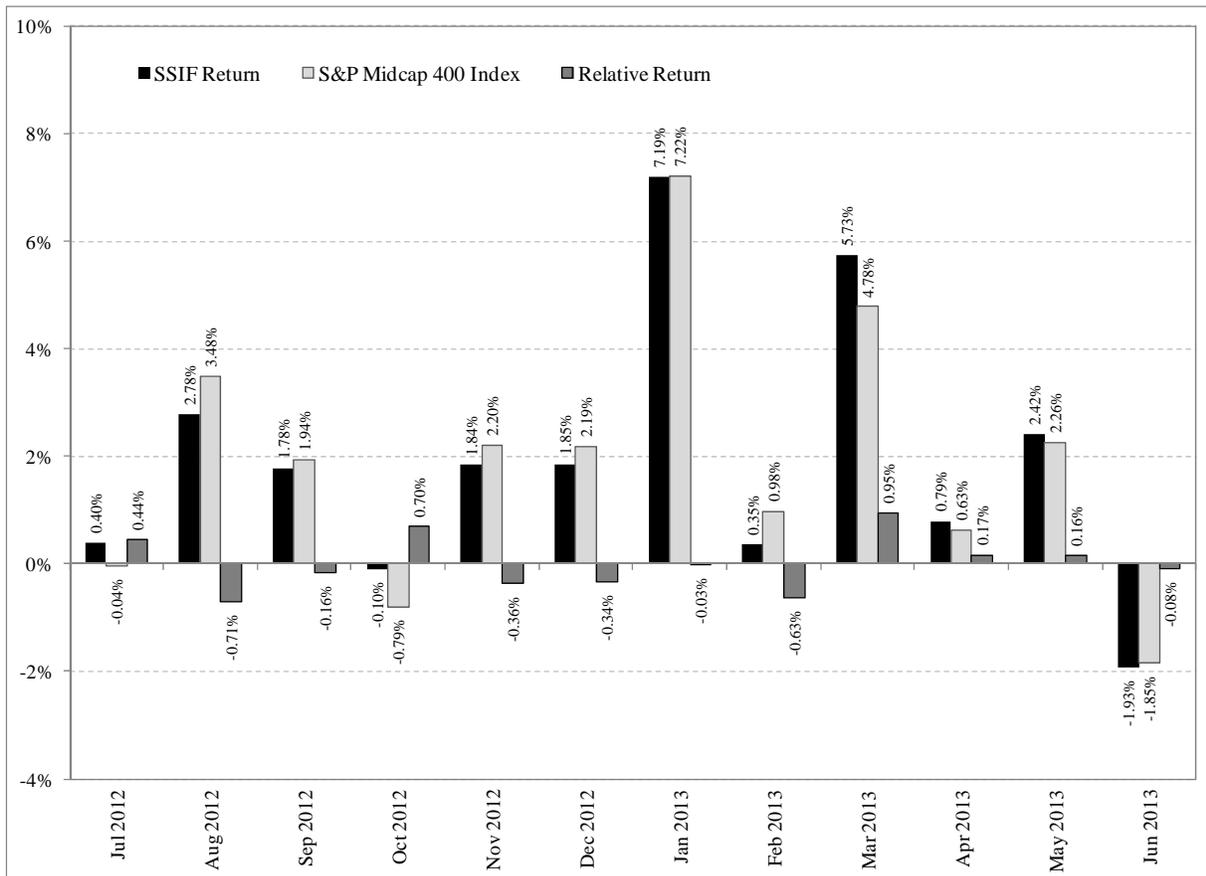


Figure 4: Fiscal Year 2013 Quarterly Relative Return Performance Attribution

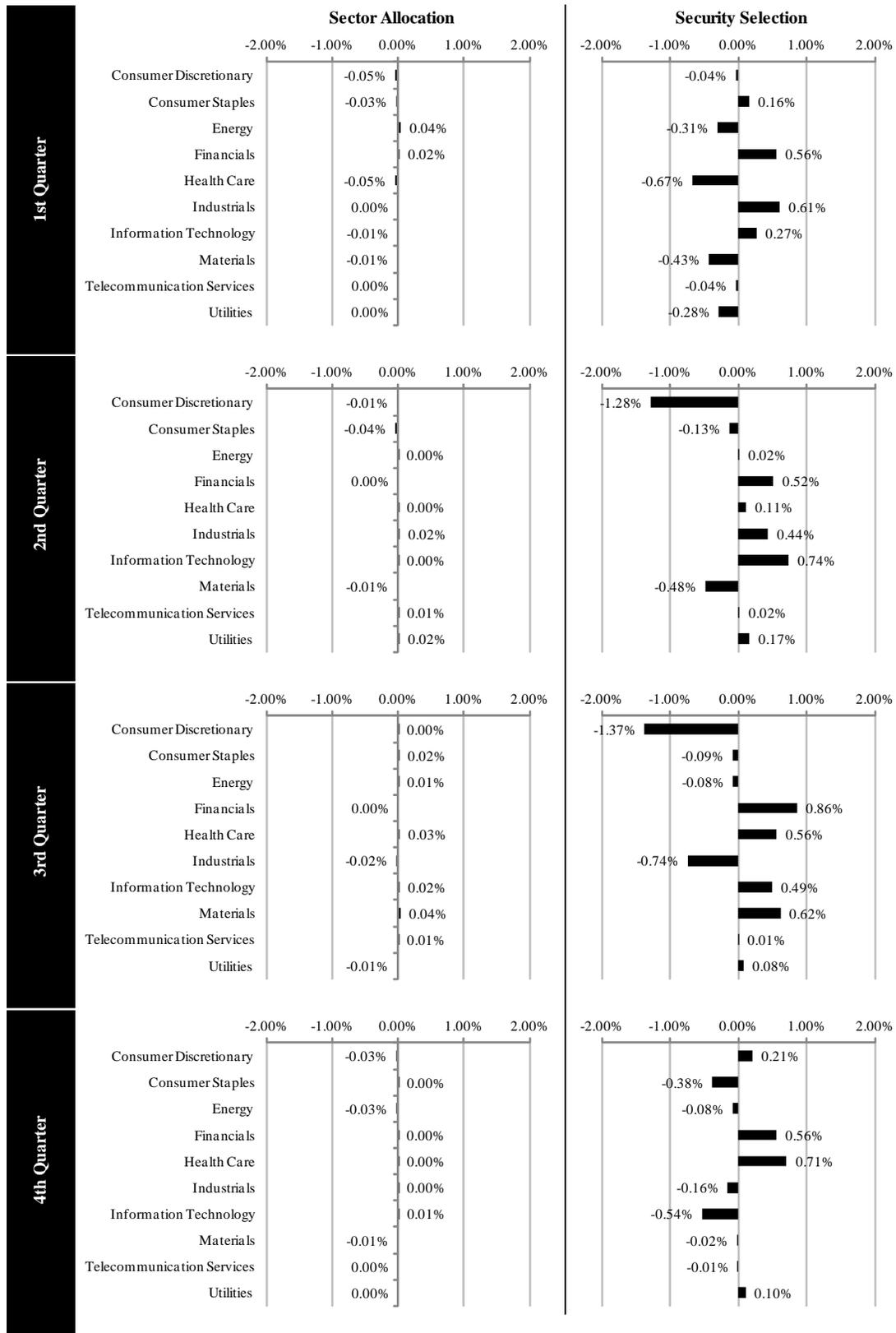


Figure 4 shows the performance attribution that results from how the SSIF applies its investment process to generate abnormal returns. The graphs on the left side of the page show how much of the relative return is generated from sector allocation. The graphs on the right side of the page show how much of the relative return is generated from stock selection. The SSIF focuses on providing excess returns through stock selection. The team has an equity weight policy to be applied on the selected stocks that the members believe will result in high potential growth over the long term. Since the SSIF is sector neutral and focuses on selecting stocks, Figure 4 shows that stock selection contributes more to the portfolio's relative return above the benchmark than does sector allocation.

Figure 5: Relative Return Contributions and Performance Attribution for FY2013

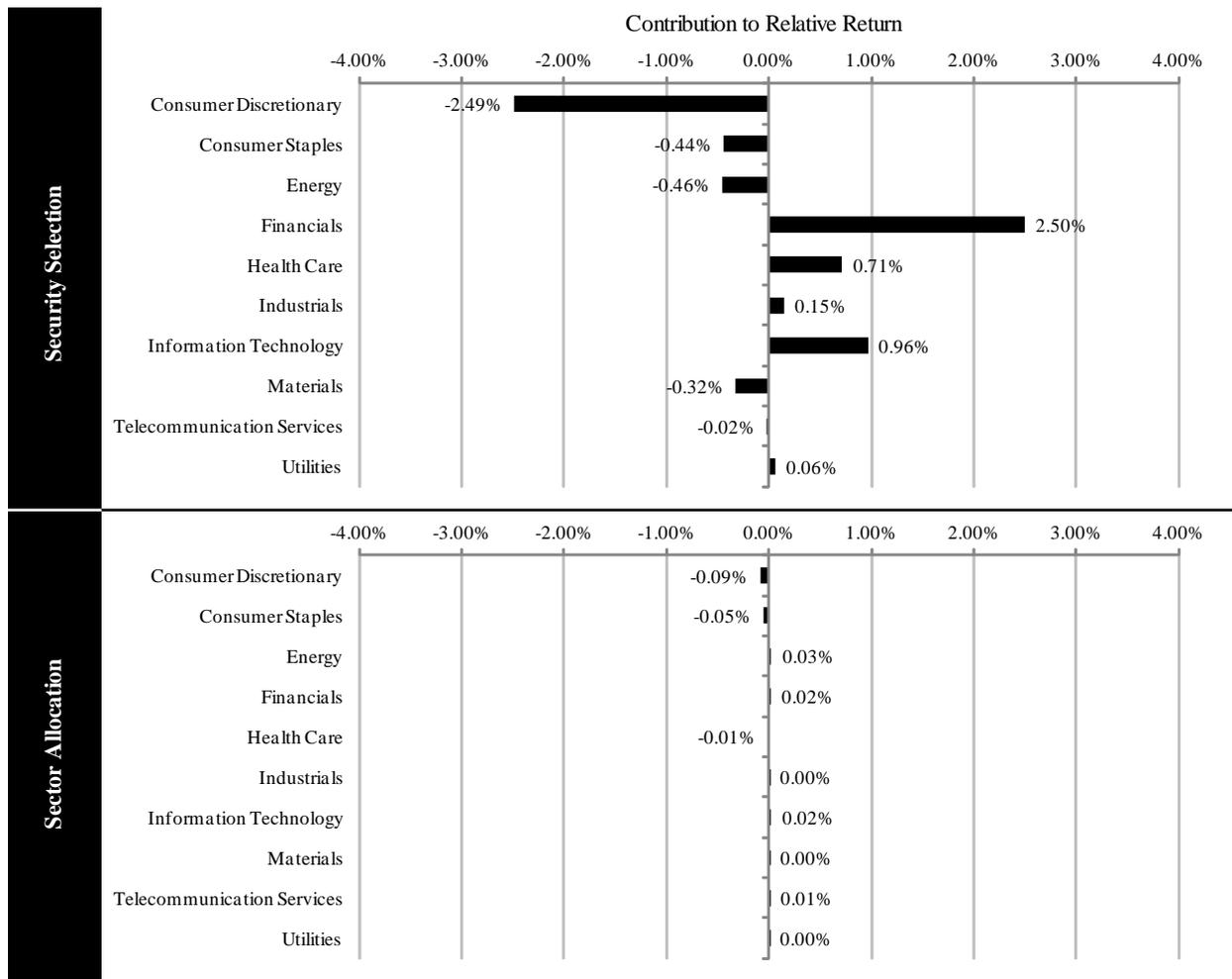


Figure 5 and Table 4 shows the relative return attribution into sector allocation and stock selection components for the fiscal year 2013. The SSIF maintains a sector neutral policy. Therefore, the very low contribution from sector allocation is to be expected. The small returns from sector allocation are due to minor differences between the SSIF portfolio and the S&P 400 midcap benchmark and within the sector neutral level of tolerance. Also shown is the relative performance attributed to stock selection by each sector. The SSIF draws its competitive advantage from its fresh perspective of markets and stock selection. Therefore, stock selection is the key contributor to the performance of the SSIF. The financials, healthcare, and information technology sectors were the top performing sectors and were able to overcome losses in the consumer discretionary and consumer staples sectors. As shown in Table 4, a negative contribution of 26 basis points is attributed to cash. This is due to the SSIF maintaining a small cash balance of just under 1% during the year, while the benchmark earned more 25%.

Table 4: Full Year Relative Return Contributions

Sector	Full Year		Total
	Sector Allocation	Security Selection	
Cash	-0.26%	0.00%	-0.26%
Consumer Discretionary	-0.09%	-2.49%	-2.58%
Consumer Staples	-0.05%	-0.44%	-0.49%
Energy	0.03%	-0.46%	-0.43%
Financials	0.02%	2.50%	2.51%
Health Care	-0.01%	0.71%	0.70%
Industrials	0.00%	0.15%	0.15%
Information Technology	0.02%	0.96%	0.99%
Materials	0.00%	-0.32%	-0.32%
Telecommunication Services	0.01%	-0.02%	-0.01%
Utilities	0.00%	0.06%	0.06%
Total	-0.34%	0.66%	0.32%
Actual Relative Return			0.12%
Unexplained by Attribution Model			-0.20%

Figure 6: Rolling 3-year Tracking Error

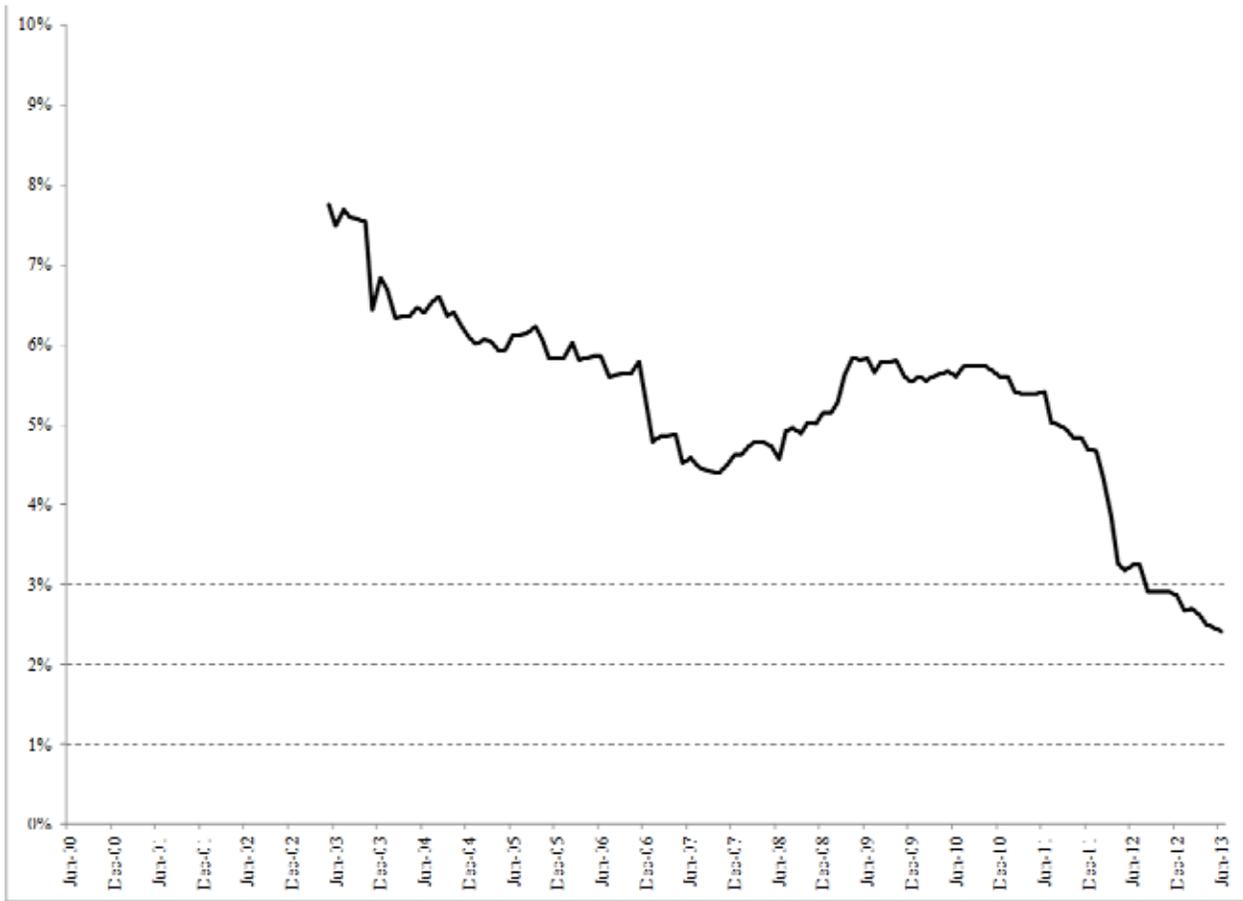


Figure 6 shows the 3-year tracking error of the SSIF. Since 2011 the SSIF has significantly decreased tracking error relative to the benchmark in accordance with its implemented sector neutral policies and enhanced tracking error controls.

Individual Stock Contributions

Table 5: Individual Stock Contributions

Top 10 Holdings				Bottom 10 Holdings			
1	1.58%	GDI	Gardner Denver Inc.	1	-0.85%	KWK	Quick Silver Resources Inc.
2	1.41%	WDR	Waddell & Reed Financials	2	-0.50%	JWA	Wiley (John) and Sons.
3	1.21%	SEIC	SEI Investments Co.	3	-0.41%	ASNA	Ascena
4	1.15%	UHS	Universal Health Services-B	4	-0.36%	JBHT	JB Hunt Transport Services Inc.
5	0.92%	HFC	Holly Frontier Corp	5	-0.22%	AME	Ametek
6	0.92%	LII	Lennox International Inc.	6	-0.18%	HNT	Health Net
7	0.83%	AMG	Affiliated Managers Group	7	-0.11%	ALK	Alaska Air Group
8	0.76%	HSC	Harsco Corp.	8	-0.05%	FOSL	Fossil
9	0.72%	RYN	Rayonier Inc.	9	0.03%	CMP	Compass Minerals International
10	0.72%	ADS	Alliance Data Systems Corp.	10	0.01%	TWTC	TW Telecom Inc.

*Individual stock contribution is calculated by taking the stocks return in a period minus the benchmarks return, multiplied by the stocks weight for that particular period.

Table 5 shows the individual stocks that contributed the most and the least to the portfolio's relative return over FY2013. FY 2013 came to a close with Gardner Denver Inc. of the Industrials sector and Waddell & Reed of the financials sector leading the portfolio relative to the benchmark. The Financials and Industrial sectors made up seven out of the top ten performing stocks. Gardner Denver Inc which manufactures air blowers and compressors for industrial applications was the top performer during FY 2013. The financials sector contributed the most to performance with 4 out of the top 10 contributors coming from the financials sector. Quick Silver Resources was one of the top detractors of performance in FY2013. The Consumer discretionary sector held 3 of the 10 lowest contributors to performance two of which were of the top 3 lowest contributors.

Individual Stock Theses

Below is the value thesis for each stock that was held by the SSIF as of June 30, 2013. Data sources include: Bloomberg Professional Service, Morningstar, Yahoo Finance, Google Finance, as well as the companies' websites.

Consumer Discretionary

Advanced Auto Parts Inc. (AAP)

Advanced Auto Parts specializes on aftermarket auto parts and accessories retails. It has two segments: Advance Auto Parts, and Auto part International. The former primarily sells auto parts and other auto related products; the latter provides different vehicles replacements. Currently, AAP has 3,400 stores in United States. SSIF believes that AAP's expertise in automobile service will help it merit in the market and since it is in bad economy, people are very uncertain of financial distress or the car replacements market will still in power. Due to a proposed buyout of AAP in early November there was a temporary increase in stock price, the SSIF choose to capture this increase in price and sold this stock on 11/09/2012.

Ascena Retail Group (ASNA)

Ascena Retail Group is a holding company that provides diverse exposure to women's retailing through the ownership of strong brands including Justice, Maurices, Dressbarn, Lane Bryant, and Catherines. The company has fueled it growth through strategic and successful acquisitions to increase market share in the women's retailing industry through varying store concepts.

DeVry, Inc. (DV)

DeVry, Inc. owns several higher education institutions across the United States. DV offers several Associates, Bachelors, and Masters level degrees in a variety of fields along with a medical school and several online programs. DeVry was purchased recently by the Consumer Discretionary sector who saw excellent growth opportunity as current economic conditions and

future technological advances have the potential to push consumers towards new forms of education especially online education where DeVry has a strong foothold.

Dick's Sporting Goods (DKS)

Dick's Sporting Goods is a specialty retailer in sports and fitness goods. Dick's Sporting Goods owns and operates Golf Galaxy and operates nationwide with a combined store count of 600. Dick's has experienced a significant increase in ecommerce sales and is seeking to increase profit by selling its private label brands in their stores along with brand name merchandise.

Fossil (FOSL)

Fossil is a design, development, marketing and distribution company that specializes in consumer products, focused on fashion and value. The company's principal offerings include an extensive line of fashion watches sold under the company's proprietary and licensed brands. The company also offers complementary lines of small leather goods, belts, handbags, sunglasses, jewelry and apparel. The company's products are sold in department stores and specialty retail stores in over 90 countries around the world. The SSIF sold Fossil as planned on 07/19/2012 due to it leaving our benchmark as well as to diversify from specialty retail.

John Wiley & Sons (JW.A)

John Wiley & Sons is a publishing firm that produces and sells books and textbooks for universities, as well as scientific, technical, medical and scholarly communities. Wiley & Sons is a value company where steady growth is combined with presenting a strong financial condition. The SSIF believes John Wiley & Sons has a different strategy than its competitors because of the focus on improving technological services. Holding a value-publishing company that has plans to expand globally and is digitizing its products and services will better diversify the SSIF portfolio. The SSIF is still confident that John Wiley & Sons is still financially stable and will continue to grow.

Panera Bread (PNRA)

Panera Bread Company owns, operates and franchises bakery cafes all over U.S. and Canada. Panera Bread is growing and showing one of the best financial statements compared to

their competitors. The company believes the quality of food and the cozy environment are the main factors in building a loyal customer base. In 2010, the company spent part of their cash between acquisition and repurchasing common stock. This reflects the company's confidence toward their shares and its' ability to grow. As a result, the sector believes holding Panera Bread is value added stock to the portfolio.

Under Armour (UA)

Under Armour is a consumer durable and apparel company specializing in textiles, apparel, and luxury goods. It is one of the fastest growing sportswear suppliers worldwide. The company's mission is to merge the innovation and science into sports materials. For example, Cold Gear is sportswear for winter sports to keep the athlete warm. The company has a unique product promotion to grow demand by offering their products and services to high school and college athletes. The company has recently started an aggressive international campaign which incorporates international professional teams as well as starting a non-sports line; the SSIF feels that Under Armour will continue to add value to the portfolio.

Consumer Staples

Church & Dwight (CHD)

Church & Dwight produces sodium bicarbonate and other products. The financial analysis indicate: rising revenue, free cash flow, net income, and gross margin, as well as decreasing financial leverage. CHD has outperformed the benchmark and other cleaning product securities by 20% in last three years. SSIF executed this trade on October 8th. The SSIF continues to believe that this stock's worth has not yet been realized by the market.

Energizer Holders Inc. (ENR)

Energizer Holdings, Inc. majorly manufactures and distributes dry batteries and flash lights. After 2000, ENR entered personal shaving market such as razors and shaving blades, as well as nursing disposable products. ENR has both very large market shares in each of its segments. Variety of product lines makes ENR partially immune from market uncertainties.

Ingredion Inc. (INGR)

Ingredion Inc. was called Corn Products International and refines corn into multiple products such as sweeteners, starch and other basic materials. INGR and its subsidiaries reach over 20 countries in the world. Its final products are very essential to many industries. SSIF believes that food sector in consumer staples is extremely resilient and INGR is expanding its regions as well.

Energy

Arch Coal (ACI)

Arch is the second largest coal producer in the US. Their position in the Powder River Basin provides coal, which is lower in sulfur content, to utilities and is becoming more attractive due to lower sulfur dioxide emissions. Their Black Thunder coal mine provides the US with 8% of its coal supply. The sector sees coal as being vital to the U.S. energy base for the next 100 years, and wanted to diversify exposure to different energy sources.

Atwood (ATW)

Atwood is a mid-sized contract oil driller with operations focused in the waters off of Africa, Indonesia, and Australia. They utilize both jack-ups and semi-submersible rigs, with upcoming delivery of high-spec, high-margin deep-water semi-submersibles. Drillers such as Atwood will benefit from higher oil prices in 2011, as higher prices will motivate suppliers to pursue new drilling opportunities. Atwood compares favorably to the industry in many areas. Low P/E and high revenue growth and EPS growth are due to good operating results and the utilization of high-spec, high-margin rigs.

Cheniere Energy (LNG)

Cheniere Energy through its subsidiaries explores for oil and natural gas in the Gulf of Mexico. The Houston based company also operates the Sabine Pass and the Creole trail pipeline in Louisiana. Cheniere Energy also develops liquefied natural gas terminals. The SSIF purchased LNG due to its undervalued status in our valuation models and to provide more diversification via exposure to a company that works with natural gas. Cheniere is the only stock in the SSIF

portfolio that is not a constituent of the S&P 400 Midcap benchmark. However, Cheniere is a midcap stock and the SSIF in accordance with its policy on holding only midcap stocks purchased Cheniere due its growth potential and its potential to outperform the benchmark.

Holly frontier Corp. (HFC)

Holly frontier Corp. refines, transports, and markets oil products in United States. HFC's primary function is refinery not drill crude oil. HFC originates from a merger of Holly and Frontier both were previous refiners and after merger HFC is the largest independent refiner and able to benefit from regional market.

Quick Silver Resources (KWK)

Quicksilver is an independent oil & gas exploration and production company. They focus on growth through drilling, rather than acquisitions, and production from unconventional reservoirs. Quicksilver is a low-cost, high-efficiency extractor compared to its competitors in the mid-cap range.

Financial Services

Affiliated Managers Group (AMG)

Affiliated Managers Group maintains investments in more than 20 affiliates, eight of which generate nearly 90% of EBITDA. Affiliates include Tweedy, Browne Company, Friess Associates, Essex Investment Management Company, Rorer Asset Management, Third Avenue Management, Frontier Capital Management Company, Systematic Financial Management, The Managers Funds, and Chicago Equity Partners. Aggregate assets under management (AUM) at affiliated investment management firms were \$208 billion at the end of 2009, up from \$170 billion at the end of 2008. Affiliated Managers group has performed well over FY 2013 and continues to expand in partnering with new firms.

American Financial Group (AFG)

American Financial Group, Inc. is a holding company that engages primarily in property and casualty insurance. They focus on specialized commercial products for businesses and in the sale of fixed, indexed and variable annuities, in addition to, a variety of supplemental insurance products. The company operates its business as three segments: property and casualty insurance, annuity and supplemental insurance, and investments, which include holding company assets and costs. The valuations showed that AFG was undervalued, and the sector believes that this was due to the pessimistic view on financials. The financial sector believes that AFG will perform better than other property-casualty insurers.

Bank of Hawaii (BOH)

Bank of Hawaii Corporation is a bank holding company providing a broad range of financial products and services to customers in Hawaii and the Pacific Islands. They were founded in 1897 and are the largest independent financial institution in Hawaii. The company derives its competitive advantage by following a disciplined and conservative style of lending. BOH follows a high level of risk aversion compared to many regional banks. Small business loans are their main assets and source of revenue. Bank of Hawaii provides detailed customer service and caters to the needs in a community that is focused on small businesses rather than large corporations.

Essex Property Trust Inc. (ESS)

Essex Property Trust Inc. operates as real estate trust in United States as self-administered. ESS targets in residential apartment development and management through multiple efforts. So far, ESS has 130 apartment properties and they all primarily in west coast area.

First Niagara Financial Group (FNFG)

First Niagara Financial Group is a holding company for first Niagara bank. Currently it operates in the North Eastern Region. The SSIF purchased FNFG due to its acquisition growth model. FNFG is a savings & loan bank that is attempting to grow its footprint by acquiring smaller, but well run banks. The SSIF purchased FNFG before its announcement to acquire New

Alliance Bancshares. FNFG also acquired closed branches of HSBC in the Buffalo and Upstate New York regions.

Hospitality Properties Trust (HPT)

Hospitality Properties Trust is a real estate investment trust that purchases, operates, and owns a variety of hotels throughout the United States and Puerto Rico. The company owns 290 Hotels and 185 travel centers. The hotel properties are of a wide variety of brands from Holiday Inns to Crown Plazas. The SSIF purchased HPT in order to more fully diversify the financial sector and SSIF portfolio by adding a second real estate investment trust and, in addition, one that exposes the SSIF portfolio to the hospitality industry. Furthermore the consistent dividends paid by an REIT give the portfolio a reliable cash flow. This coupled with HPT's excellent revenue generation make it an excellent addition to the SSIF portfolio.

Rayonier (RYN)

Rayonier is a specialized real estate investment trust that owns over 2.4 million acres of timberland in southeastern and northwestern U.S., Australia, and New Zealand. Although the real estate market is lagging, Rayonier has benefited from increased demand for their cellulose fibers and growth in China. The financial sector believes Rayonier will continue to outperform their competitors their specialty fibers in a down market and as the real estate market returns, Rayonier will prosper with the sale of their timberland and their real estate holdings as highest and best use sales at a premium.

Reinsurance Group of America (RGA)

Reinsurance Group of America (RGA) is an insurance holding company that is primarily focused on traditional life, asset-intensive, critical illness and financial reinsurance. With a U.S. market share of 16% as of December 31, 2007 (latest data available), down from 21% at the end of 2006, RGA is the second largest provider of life reinsurance in the U.S. RGA has five financial reporting segments: U.S., Canada, Europe & South Africa, Asia-Pacific, and Corporate. The valuations showed that RGA was undervalued given their growth and the growth rate of the market. RGA is currently one of the largest life reinsurers and RGA is an attempt to diversify the Insurance sub-sector that was primarily focused on property and casualty insurance.

SEI Company (SEIC)

SEI Investments Company provides investment processing, fund processing, and investment management business outsourcing solutions to corporations, financial institutions, financial advisors, and high-net-worth families. The purchase of SEIC was an attempt to diversify the Asset Management sub-sector within the financial sector. The sector believes that its outsourcing solutions will be in higher demand as the cost of business, due to various political changes in the financial market, will benefit SEIC in the long-term.

Signature Bank of New York (SBNY)

Signature Bank of New York is a private bank located in New York, NY. The bank provides investment, loan, insurance, and personal banking to its clients. In addition SBNY is unique in that its primary focus is providing financial services to private businesses and their senior managers. SBNY has shown remarkable potential for growth as it has attracted and hired several financial managers from its competitors who have brought a variety of their clients with them to Signature Bank. SBNY was purchased after showing further growth potential in several of the SSIF valuation models and has thus far proved to be an excellent addition to the SSIF Portfolio.

Waddell and Reed (WDR)

Waddell & Reed Financial provides investment management, investment product underwriting and distribution, and shareholder services administration to mutual funds, and institutional, as well as, separately managed accounts in the U.S. This firm's competitive advantage is the strength of their management and IVY funds, and their ability to continue generating increased sales of these funds. Management has expressed a strong desire to diversify and generate sales from other areas and funds, rather than their IVY funds.

Healthcare

United Health Services, Inc. (UHS)

United Health Services, Inc. owns and operates over 150 healthcare facilities in 32 states, as well as Washington D.C. and Puerto Rico. The healthcare sector holds UHS because it maintains one of the strongest balance sheets in the industry and is rated investment grade by Moody's, Standard & Poor's and Fitch. This strong position has enabled the company to develop and acquire many new facilities over the past few years. UHS has also shown consistent earnings per share (EPS) growth, and has opportunities for growth in rapidly growing new markets. Hospitals also stand to potentially benefit from the new healthcare reform due to an increased number of individuals with insurance that should increase demand for health services.

Health Net, Inc. (HNT)

Health Net, Inc. provides managed healthcare services to approximately 6 million individuals through health plans and government-sponsored plans. Health Net also provides behavioral health, substance abuse, and employee assistance programs to approximately 5.1 million individuals, including its health plan members. Compared to others in the managed care sub industry, Health Net has a much diversified portfolio of products available. Health Net also believes they are in a position to capitalize on the recent changes in the health care laws in the United States.

United Therapeutics Corporation (UTHR)

United Therapeutics Corporation is a biotech company with products focused on treatment of chronic and life-threatening conditions. While United Therapeutics has established itself by building upon its core competencies, namely pulmonary disorders, the SSIF feels that the company has great potential for growth going forward. This belief is founded upon the significant capital spending by United Therapeutics in recent years, as well as the development of new drugs in other areas, such as cancer, while continuing to be a leader in the treatment of pulmonary hypertension. A relative comparison to valuations of other biotech companies in the investment universe shows that UTHR is the most undervalued, which influenced the SSIF to purchase the stock.

VCA ANTECH INC (WOOF)

VCA ANTECH Inc. owns and operates several veterinary hospitals along with veterinary clinical research laboratories in the United States. VCA ANTECH Inc. is another recent addition to the SSIF Portfolio and was selected to further diversify the portfolio by providing exposure to veterinary healthcare and medicine.

Vertex Pharmaceuticals, Inc. (VRTX)

Vertex is a pharmaceutical development company specializing in small molecule drugs for treatment of serious diseases. The sector holds Vertex because of the potential of future growth from the drugs that are in development, as well as potential drugs to be developed in the future based on the high investment in research and development. Vertex is currently heavily invested in 8 drugs, most notably Incivek™ (Telapriver), a hepatitis C protease inhibitor.

Steris Corporation (STE)

Steris Corporation develops, manufactures, and markets sterilization and cleaning products to healthcare facilities, as well as offering consulting for: sterilization management, facility planning, engineering support, device testing, customer education, hand hygiene process, and asset management/planning. The market for these products and services is expected to grow. The explanation can be found partly in the public awareness of contagious disease and government regulations on hospitals to increase disincentive controls and the like. The further development of medical instruments put higher demand on the instruments that decontaminate them. New ways must be developed to disinfect the many intricate parts of new medical machinery and Steris is well prepared to meet these kinds of needs. The aging population is positive for the Healthcare industry because the demand will most likely increase.

Omnicare, Inc. (OCR)

Omnicare, Inc. is a pharmaceutical services company providing pharmaceuticals and related services to long-term care facilities. The healthcare sector holds Omnicare to provide diversification for the sector in the distributor's sub-industry. Omnicare has shown recent improvement with respect to their financial health, in addition to, top management changes.

Based on their current asset management ability, larger sales growth could help Omnicare to outperform other stocks in its sub industry.

Industrials

AGCO Corp. (AGCO)

AGCO is a manufacturer and distributor of agricultural equipment. AGCO provides different size of its products that serve different usages. In 2004, AGCO start expanding its market internationally, notably, AGCO has half market share in Brazilian tractor market. Along with emerging markets rises, AGCO can benefit from increasing agricultural product demands. Even though AGCO has little power over North American market, SSIF believes that AGCO still is at good position in its business and growth potential in international market.

Alaska Air Group (ALK)

Alaska Air Group is an airline holding company. The company provides air travel services to multiple destinations and, in addition, provides air delivery services within and to the state of Alaska and also the West Coast of the North America. Alaska Air Group is a new addition to the portfolio and provides diversification via exposure to the air travel industry.

Ametek Inc.

Ametek Inc. is an electronic and electromechanical device manufacturer. Ametek Inc. provides these products and distributes its products globally. The company produces advanced instruments for aerospace, power, and industrial markets. In addition, AME also supplies technical and specialty motors in addition to electrical interconnects. Ametek is a new addition to the industrials sector of the SSIF portfolio.

B/E Aerospace (BEAV)

B/E Aerospace manufactures a variety of cabins for commercial and private business aircrafts. B/E also provides oxygen systems, water and waste systems, structures and integration, and wing de-icing systems, for companies like Airbus and Boeing, in addition to, governments for military aircraft. The industrials sector holds B/E because of its ability to generate

competitive profits, as well as, the large contracts in the aviation industry, which gives them an upper hand compared to its competitors.

Brinks (BCO)

The Brink's Company is a global leader in the security and protection services industry. In 2010, segment-operating profit was \$209 million on revenues of \$3.1 billion, resulting in a segment operating profit margin of 6.7%. 76% of that was from internationally conducted business. In the fourth quarter of 2010, Brinks completed an acquisition in Mexico and another in Canada and they expect that these operations will generate approximately \$450 to 500 million in revenues in 2011.

Lennox International, Inc. (LII)

Lennox International Inc. is a global leader in the heating, air conditioning, and refrigeration markets. Lennox is focused on four key business segments: residential heating and cooling, commercial heating and cooling, service experts, and refrigeration. Lennox is involved in markets not only in the United States, but also in Canada and abroad. The SSIF was attracted to Lennox because of their conviction to growing internationally. Lennox has also become one of the leading providers in energy efficient appliances, which is growing in demand due to increasing energy costs. Also, Lennox was undervalued, based on industry valuation, relative to its competitors within the Midcap 400 index. Lennox International was founded in 1895 and their corporate headquarters is in Richardson, Texas.

Copart Inc. (CPRT)

Copart, Inc. provides online auctions and vehicle remarketing services in the United States, Canada, and the United Kingdom. It offers a range of services for processing and selling vehicles over the Internet, through its virtual bidding. Revenue is predominantly derived from auction fees paid by vehicle suppliers and vehicle buyers as well as related storing and towing fees. As of July 31, 2009, the company operated 147 facilities in the United States, Canada, and the United Kingdom. This company was bought for the reason of diversifying the portfolio and that it is a strong global competitor in the car auctioneer industry.

Garner Denver, Inc. (GDI)

Gardner Denver, Inc., based in Wayne, Pennsylvania is a designer, manufacturer, and marketer of pumps, compressors, vacuums, and fluid transfer systems for various industries. Since the CEO had been an ineffective leader, news was released at the beginning of the week that the CEO had resigned. Upon resignation of the CEO, though the company remained the same productivity and profit wise, the market took this as a negative sign. The Industrials sector then invested in the company at the end of week, taking advantage of the severely deflated share price. The newly appointed CEO has boosted investor confidence, providing for 30% share price attribution since purchase. This purchase is a prime example of the SSIF's mission to invest in mispriced securities, and capitalize on market inefficiency.

JB Hunt Transport Inc. (JBHT)

JB Hunt Transport , Inc. provides transportation and logistics services. JBHT has four segments; accordingly they have intermodal, supply-chain strategy design, freight service, and logistics solutions. JBHT has a very clear strategy for its business and provides a complete service bundle to its customers.

Harsco Corp. (HSC)

Harsco Corp. provides industrial engineered products. Primarily, HSC's customers are manufacturers or other merchants; it covers wide range of products including water utility, steel mill and railway. HSC targets on adding value on customizing solutions and strategic design.

Information Technology

Alliance Data Systems (ADS)

Alliance Data Systems specializes in providing data-driven and transaction-based marketing and customer loyalty solutions primarily in North America. The Info Tech sector believes that ADS has diversified operations and more importantly, as the economy is recovering, other firms may desire more intense services from ADS.

Fairchild Semiconductors (FCS)

Fairchild Semiconductors produces, develops, and sells semiconductor solutions in three major segments including: Mobile Computing Consumer and Communication (MCCC), Power Conversion Industrial and Automotive (PCIA), and Standard Linear and Standard Discrete (SDT & Linear STD). Semiconductors are in most modern electronic devices such as: computers, telephones and appliances. There is growth potential for the semiconductor industry through consumer goods as the economy begins to heal and emerging markets continue to grow.

Intron Inc. (ITRI)

Intron is a global manufacturer of metering technologies with over 8,000 customers present in 130 countries. The Information Technology sector believes this stock adds stability to the portfolio because of the low volatility of their customer base, diversification of their business lines, and growth potential. Business lines are mostly evenly divided between water, electricity, and gas. Growth potential exists as emerging markets continue to develop.

Ansys Inc. (ANSS)

Ansys Inc. is one of the leading companies in simulation software of engineering and technology; it has a wide range of product types that provide services for various industries. In short, ANSS helps other manufacturers to development a simulation that can virtually perform products or prototypes under different conditions. In the past year, Ansys has grown significantly and we expect it to continue to grow in the future.

Global Payments Inc. (GPN)

GPN is an international electronic transaction processing services provider among individual customs, merchants, financial institutions, and government agencies. GPN provides processing services for credit and debit cards, gift cards, business-to-business purchasing cards, and electronic check services. Notably, GPN has specialized solution for individual sales organization (ISO). In addition, GPN offers Point-of-Sale (POS) equipment services for the e-21 commerce market. As a whole of global economy, transactions tend to become electronic and it will be less direct cash-involved transactions, it grows relatively rapid among the emerging markets; also GPN expands its business around the world which it has huge potential markets of

e-commerce. Info sector believes that in the future, GPN will have a sustainable growth alone with global economic recovery and transaction electronicalization. In the earlier part of 2012, GPN suffered in an internet breach, and many customers' accounts have been lost, GPN's stock was down roughly 9% on that day. From Heartland breach case, e-commerce has the risk of hack and SSIF concludes that GPN will continue to recover from this incident.

Semtech Corporation (SMTC)

Semtech Corporation is a semiconductor producer which includes analog and mixed-signal products. SMTC has protection products, advanced communication and sensing products; its major customers are from cell phone manufacturers. Also it launched 4-D touch screen recently that might be a revolutionary in this industry. Info Tech Sector believes that SMTC has strong intentions and the ability to innovate and lead.

Trimble Navigation Ltd. (TRMB)

Trimble Navigation Limited provides advanced positioning product solutions, to commercial and government users. It is leading in enhancing GPS technology and other related fields. They have acquired many server companies. Info Tech Sector considers this to be a good sign of growing and since the overall market is developing, TRMB will grow and live up to expectations.

Plantronics, Inc. (PLT)

Plantronics, Inc. designs, manufactures, and markets communications headsets, telephone headsets, and accessories for worldwide business and consumer markets. PLT was honored with six CES innovations awards demonstrating their continued ability to serve a wide variety of needs for consumers worldwide. They are constantly developing new designs and the Info Tech sector believes that they will continue to grow.

Materials

Compass Minerals International, Inc. (CMP)

Compass Mineral is the leading supplier of highway deicing products in the U.S., Canada and the United Kingdom. Their production of sulfate of potash specialty fertilizer is used on

important crops in North America, South America and areas of the Pacific Rim. Over 150 companies import this product, but only 12 export it, with Canada leading the way. With Compass' diversified product line and progressive acquisition management style, they are in a good position to penetrate many smaller markets the larger companies overlook.

AptarGroup Inc. (ATR)

AptarGroup engages in developing consumer product dispensing system. Currently ATR has three segments: beauty, home and pharmaceuticals. ATR's products including pumps, dispensing closures and aerosol valve and these products are important to many other manufacturers. As a result, many companies are using ATR's products that can be found in many areas. In concurrent years, ATR spent %% of revenue in development and research. SSIF holds that ATR's diversified operations and innovation intend will help ATR exceed its peers.

Silgan Holdings (SLGN)

Silgan has market segments in metal containers, composite containers, and plastic closures for food and beverage products. Their core business in metal containers places them as the largest supplier of containers for food products in North America. In the past Silgan has used a responsible acquisition strategy to increase market share. This industry is facing consolidation and Silgan has been buying out smaller competitors and taking over manufacturing responsibilities for large final goods producers.

Sensient Technologies (SXT)

SXT is the world's leading supplier of the flavors, fragrances, and colors used to make a variety of foods, pharmaceuticals, cosmetics, home care products, specialty printing and imaging products, and industrial colors. Sensient Technologies has a competitive position based on their process and applications expertise, quality, advanced technology, and customer service. They have a significant global presence that continues to grow through the targeting of emerging markets. The diversified product line and steady earnings of this company are factors we believe will create a stable stock holding for the Materials Portfolio.

Steel Dynamics, Inc. (STLD)

Steel Dynamics is a diversified company specializing in carbon-steel production and metals recycling. They have grown to become the fifth largest American steel company since their commencement just fifteen years ago. The sector believes this company will steadily grow, with the advantage of their low-cost strategy and innovative operational facilities, becoming an excellent addition to the Materials Portfolio.

Telecommunication

Time Warner Telecom (TWTC)

Time Warner specializes in voice and data networking for a wide array of businesses ranging from small to large. TWTC is currently one of the top three Ethernet service providers. TWTC offers a variety of communication services including, Internet access, network security services, local and long distance calling, and Ethernet and transport data networking. There is an ongoing need and demand for businesses to communicate, share information, and access data with other businesses and customers. Information Technology sector believes the value of data and how it is transferred offers the SSIF a worthy investment.

Utilities

Alliant Energy (LNT)

Alliant Energy is the parent company of two regulated electric and natural gas utilities, serving customers in Iowa, Minnesota, and Wisconsin. LNT is one of the SSIF's longest holdings, and has provided consistent returns for the sector, and the portfolio as a whole. Alliant has positioned itself as a company that offers a growing dividend, with growth prospects through favorable acquisitions. They also operate in a relatively favorable regulatory environment.

Aqua America (WTR)

Aqua America is a water utility that provides water and wastewater services. It serves 14 states and 3 million people on the east coast. The sector thinks that WTR compares favorably to competitors in its capitalization range, based on higher profit margins, comparable dividend yield,

and strong earnings growth. WTR also serves as an effective diversifier for the portfolio, with extremely low correlation to other stocks the SSIF holds.

Black Hills Corporation

Black Hills Corporation is a well-diversified utility company that produces natural gas, coal, and oil and provides electric utilities and natural gas for energy and heating to customers in Colorado, Iowa, Kansas, Nebraska, Wyoming, Montana, and South Dakota and also sells excess energy in wholesale markets. Black hills has been providing energy to customers for over 100 years and has been traded on the New York Stock Exchange for 30 years now. The Board of Directors just approved a quarterly dividend increase for the 40th consecutive year. We believe that the aggressive growth plan put in place by Black Hills Corporation to aggressively expand operations and to attract new customers through construction of new Utilities coupled with their strong history of paying a growing dividend creates a strong value for this equity.

Westar (WR)

Westar, a utility company based out of Kansas, has a diverse energy supply and a strong presence throughout the entire state. Recent investments in upcoming projects will continue to advance the company and its customers towards being more environmentally friendly. Their commitment to efficient energy is something the SSIF looks for in Utilities companies.

Portfolio Holdings

	As of June 30, 2012		As of June 30, 2013		S&P 400 Constituent
	Shares	Market Value	Shares	Market Value	
Consumer Discretionary					
AAP	400	\$27,288.00			
ASNA			1,700	\$29,665.00	Yes
DKS			700	\$35,042.00	Yes
DV			400	\$12,408.00	Yes
FOSL	100	\$7,654.00			
JW/A	700	\$34,293.00	900	\$36,081.00	Yes
PNRA	200	\$27,888.00	70	\$13,015.80	Yes
UA	200	\$18,896.00	600	\$35,826.00	Yes
Total		\$116,019.00		\$162,037.80	
Consumer Staples					
CHD	300	\$16,641.00	400	\$24,684.00	Yes
ENR	100	\$7,525.00	100	\$10,051.00	Yes
INGR	300	\$14,856.00	200	\$13,124.00	Yes
Total		\$39,022.00		\$47,859.00	
Energy					
ACR	1,000	\$6,890.00			
ATW	200	\$7,568.00	600	\$31,230.00	Yes
HFC	900	\$31,887.00	400	\$17,112.00	Yes
KWK	2,600	\$14,092.00			
LGN			500	\$13,880.00	No
Total		\$60,437.00		\$62,222.00	
Financials					
AFG	300	\$11,769.00	200	\$9,782.00	Yes
AMG	200	\$21,890.00	225	\$36,886.50	Yes
BOH	600	\$27,570.00	500	\$25,160.00	Yes
ESS	200	\$30,784.00	225	\$35,757.00	Yes
FNFG	2,500	\$19,125.00			
HPT			1,300	\$34,164.00	Yes
RGA	200	\$10,642.00	200	\$13,822.00	Yes
RYN	700	\$31,430.00	700	\$38,773.00	Yes
SBNY			100	\$8,302.00	Yes
SEIC	1,450	\$28,840.50	1,150	\$32,694.50	Yes
WDR	900	\$27,252.00	800	\$34,800.00	Yes
Total		\$209,302.50		\$270,141.00	

	<u>As of June 30, 2012</u>		<u>As of June 30, 2013</u>		S&P 400 Constituent
	Shares	Market Value	Shares	Market Value	
Health Care					
HNT	400	\$9,708.00			
OCR	700	\$21,861.00	200	\$9,542.00	Yes
STR	300	\$9,411.00	300	\$12,864.00	Yes
UHS	700	\$30,212.00	500	\$33,480.00	Yes
UTHR	200	\$9,876.00	200	\$13,164.00	Yes
VRTX	300	\$16,776.00	300	\$24,018.00	Yes
WOOF			600	\$15,654.00	Yes
Total		\$97,844.00		\$108,722.00	
Industrials					
AGCO	200	\$9,146.00	300	\$15,057.00	Yes
ALK			200	\$10,400.00	Yes
AME			900	\$38,070.00	Yes
BCO	1,200	\$27,816.00			
BEAV	300	\$13,098.00	500	\$31,540.00	Yes
CPRT	1,200	\$28,428.00	1,000	\$30,800.00	Yes
GDI			500	\$37,590.00	Yes
HSC	1,350	\$27,513.00			
JBHT	500	\$29,800.00			
LII	700	\$32,641.00	500	\$32,270.00	Yes
Total		\$168,442.00		\$195,727.00	
Information Technology					
ADS	200	\$27,000.00	200	\$36,206.00	Yes
ANSS	500	\$31,555.00	600	\$43,860.00	Yes
FCS	1,800	\$25,380.00			
GPN	400	\$17,292.00	800	\$37,056.00	Yes
ITRI	200	\$8,248.00	300	\$12,729.00	Yes
PLT			300	\$13,176.00	Yes
SMTC	700	\$17,024.00	400	\$14,012.00	Yes
TRMB	600	\$27,606.00	1,200	\$31,188.00	Yes
Total		\$154,105.00		\$188,227.00	
Materials					
ATR	500	\$25,525.00	500	\$27,605.00	Yes
CMP	200	\$15,256.00			
SGLN			300	\$14,088.00	Yes
STLD	800	\$9,376.00	2,000	\$29,820.00	Yes
SXT	300	\$11,019.00	300	\$12,141.00	Yes
Total		\$61,176.00		\$83,654.00	

	<u>As of June 30, 2012</u>		<u>As of June 30, 2013</u>		S&P 400 Constituent
	Shares	Market Value	Shares	Market Value	
Telecommunication Services					
TWTC	200	\$5,132.00	200	\$5,628.00	Yes
Total		\$5,132.00		\$5,628.00	
Utilities					
BKH			300	\$14,625.00	Yes
LNT	600	\$27,342.00	500	\$25,210.00	Yes
WR	400	\$11,980.00	400	\$12,784.00	Yes
WTR	500	\$12,480.00	413	\$12,935.76	Yes
Total		\$51,802.00		\$65,554.76	
Cash & Money Market		\$13,441.70		\$13,466.52	
Total Portfolio Value		\$976,723.20		\$1,203,239.08	

The CoBA Portfolio

The College of Business Portfolio (CoBA Portfolio) was established due to the generosity of Omar and Carol Winter, who provided the initial \$25,000 to start the Saluki Student Investment Fund. Managing the CoBA portfolio provides the students of the SSIF with an additional responsibility and opportunity to expand valuation techniques and application to a wide variety of stocks.

The SSIF manages this portfolio in addition to the SIU Foundation portfolio. While the SSIF does not have a mandate to outperform a specific benchmark with the CoBA Portfolio, the CoBA portfolio performance is compared to the S&P 500 as an informal benchmark in the table below. As of June 30, 2013, the CoBA portfolio holds 15 stocks and with a total market value of \$70,283.85. Performance by calendar and fiscal year are reported in Appendix II.

As of June 30, 2013

	Quarter	Calendar YTD	1-Year	3-Year	5-Year	7-Year	10-Year	Since Inception
SSIF	2.25%	8.59%	19.07%	10.63%	7.70%	9.72%	11.60%	8.32%
S&P 500 Index*	2.91%	13.82%	20.60%	18.45%	7.01%	5.66%	7.30%	2.89%
<i>Difference</i>	-0.66%	-5.23%	-1.53%	-7.82%	0.69%	4.06%	4.31%	5.43%
Tracking Error**			4.20%	10.43%	11.04%	10.44%	13.77%	15.50%
Information Ratio***			-0.36	-0.75	0.06	0.39	0.31	0.35
Months > S&P 500			42%	44%	48%	54%	53%	55%

Periods greater than one year are annualized.

* Performance of the S&P 500 Total Return Index (Source: Bloomberg SPXT Index) is used for comparison purposes only. The COBA Portfolio does not have a formal mandated benchmark against which it is managed.

** Tracking error is annualized and based on monthly return differences relative to the S&P 500 Index. Due to incomplete monthly data for the portfolio during the period December 2001 through April 2004, S&P 500 Index returns were used in twelve separate months for the purposes of calculating tracking error. Therefore, tracking error is likely underestimated for periods that include the December 2001 through April 2004 period.

*** Information ratio is the ratio of the annualized relative return divided by the tracking error. See note regarding tracking error.

CoBA portfolio value as of June 30, 2013: **\$70,283.85**

Economic Outlook

The labor market in the U.S. is slowly improving. The number of unemployed workers has slowly gone down since its peak in 2009. While at the same time the size of the labor force is increasing. This said, we have a positive outlook for the labor market throughout the remainder of 2013 and into 2014. We expect to see higher growth in the latter half of the year as the private sector growth continues to gain traction since the 2008 financial crisis. Confidence will be affected by a combination of the Federal Reserve's signals on continuation or an ending of the Federal Reserve's quantitative easing strategies along with, unemployment reports, and reported company earnings.

The stock market has seen slow, but steady growth as the economy continues to recover and several indices are at record highs. We are confident that growth will continue throughout 2013 and into 2014. The Federal Reserve has forecasted 2.2 to 3.6 percent GDP growth for 2014. Additionally, the Fed's quantitative easing strategies have positively impacted the financial situation in the U.S., and they have begun to put more focus towards improving the labor market conditions. We have seen a few instances of market reactions when there are signals that the Fed may reduce its quantitative easing strategies. The SSIF remains confident that markets are strong enough to handle and recover from these signals as the economy begins to recover and strengthen.

Currently the housing market in the U.S. is still moving at a depressed rate. This is due to the overproduction in the several years prior to 2008. As economic conditions have improved construction of new homes has seen a slight increase. We predict that these increases will continue to be slow over the next several years as the economy continues to recover from the housing market bubble. This will be a key factor in the financials sector of the SSIF as valuations of REITs will have to take into account the current conditions of the Real-Estate market.

The world has seen a reduction in the costs of energy due to the expansion of shale gas fracking within the U.S. This has led to the U.S. becoming a net exporter of energy products in 2012 for the first time since 1949. According to the International Energy Agency the U.S. will become the leading producer of oil and natural gas within the next ten years. This will be a key

focus of the Energy and Industrials sector as energy output, availability, and cost will be crucial to individual companies in these sectors.

The U.S. exports continue to increase; however this growth is constrained by poor economic conditions around the world. As these conditions improve we expect to continue to see exports increase.

The overall economic outlook for 2014 is positive. Moderate growth in incomes as well as employment is a positive indicator that the private sector has been recovering and continues to do so. This recovery should gain more traction during the latter half of 2013 and into 2014. This will also be beneficial to resolving the cumbersome federal deficit over the next several years. The Federal Reserve has worked to improve the financial situation in the U.S., and is beginning to focus more on improving the labor market conditions. As the Fed continues along this path it expects to see 2.5 to 3 percent GDP growth during 2013 and 2.2-3.6 percent growth in 2014.

Increased income and employment will provide individuals and households with additional purchasing capabilities this will be crucial in determining which goods and services are likely to be in demand. The SSIF believes that it has an advantage in determining these demand trends due its fresh perspective. The SSIF hopes to coordinate with the SIU Economics club to further research product demand and apply this information to security valuations during fiscal year 2014.

Outlook for FY 2014

The SSIF is content with the growth made during FY 2013 in observing with the investment mandate. The mission is to continue to develop an organization that represents SIU and its stakeholders well.

The group has plans to be implemented beginning in the Fall of 2013 to attract and retain members in the organization. Once we have a defined number of members we will work together to ensure the mission of the group is being carried out. Members will be assisted by former members currently in the graduate program providing expertise and a partnership with the economics club advising our fund on the projections and outlook for our economic environment.

The SSIF will also be active in recruitment throughout the year, in order to maintain a strong organization and continuity in management in the future. The group will work to ensure all members implement the investment philosophy and process as communicated to the Foundation.

The SSIF believes that these organizational improvements, along with its commitment to the investment philosophy and process, will continue to deliver positive results to the Foundation and University community.

Appendix I: Resolutions

Saluki Student Investment Fund

Mid-Cap Core Strategy

Resolution: *Investment Process (Cash Balance)*

The decision of the Saluki Student Investment Fund as of October 26, 2010 in regards to the investment process is as follows:

1. The cash balance of the SSIF portfolio will not exceed 1% of the overall portfolio value unless the following stipulations are true:
 - a. There will be a proposed trade by a sector team within 2 weeks' time
 - i. The sector team proposing the trade is underweight against the benchmark
2. If the above stipulations are false, then any percentage over 1% will be allocated into the benchmark ETF to correct the excessive cash balance.
 - a. If a correction in cash is needed because of the above stipulations the ETF will be sold to obtain a cash balance as close to 75 basis points as possible.
3. The cash balance will not go below 25 basis points of the overall portfolio value. If the cash balance falls below the lower limit, the SSIF will immediately sell of the proper amount of the benchmark to maintain the target goal of 75 basis points.
4. If the SSIF portfolio does not hold the mid-cap ETF at the point where a cash balance adjustment is needed, the group will have one week to decide the proper Equity to be sold to achieve the cash balance goal.

Saluki Student Investment Fund

Mid-Cap Core Strategy

Resolution: *Investment Process (Eligible Investment Universe)*

The decision of the Saluki Student Investment Fund as of October 1, 2010 in regards to the investment process is as follows:

1. All equities in the S&P 400 are in the acceptable eligible investment universe.
2. A minimum of 75% of the portfolio value will be S&P 400 constituents.
3. All equities with a market capitalization in the 10% to 90% range of S&P 400 constituents' market capitalizations at of the beginning of the semester will be in the eligible investment universe.
4. Stocks that are a constituent of the S&P 500 or 600 will not be held in the SSIF portfolio.
5. The eligible investment universe will be re-adjusted every semester to account for changes in the overall market.
6. Any holding outside the eligible investment universe for more than one semester will be removed from the portfolio in an orderly manner.

Saluki Student Investment Fund

Sector Weight Policy

Mid-Cap Core Strategy

Resolution: *Investment Process (Sector Weight)*

The decision of the Saluki Student Investment Fund as of October 26, 2010 in regards to Sector Weights:

1. With the absence of a strong thesis, sector weights will be maintained within +/- 2% of the S&P 400 Mid-Cap index.
2. Sectors that become organically under or overweighed will be addressed and brought back to the sector weight in an orderly manner.
3. For sector teams that wish to over or underweight their sector, the sector team must present a thesis that supports their decision to the other sector teams. The SSIF as a whole will need to approve or deny the proposed sector weight before any weights can be changed.
4. In the event that no other sector wants to make an equal under or overweight bet to the new proposed weight then all the sectors should be adjusted equally up or down compared to the new sector weight.

Appendix II: Yearly Performance

SIU Foundation Portfolio

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
SSIF	-2.62%	-13.03%	-4.01%	18.75%	19.31%	12.95%	24.99%	-5.28%	-29.40%	24.67%	48.10%	-1.34%	25.31%
S&P 400 Benchmark*	8.87%	-4.72%	-0.71%	27.99%	14.03%	12.98%	18.51%	-7.34%	-28.02%	24.93%	39.38%	-2.33%	25.18%
<i>Difference</i>	-11.50%	-8.31%	-3.29%	-9.23%	5.29%	-0.03%	6.49%	2.05%	-1.38%	-0.26%	8.72%	0.99%	0.12%

Calendar Year	2000**	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013**
SSIF	-2.88%	-10.12%	-19.13%	34.14%	13.69%	13.97%	13.64%	9.93%	-34.43%	30.84%	32.59%	3.40%	16.25%	15.15%
S&P 400 Benchmark*	9.41%	-0.60%	-14.51%	35.62%	16.48%	12.56%	10.32%	7.98%	-36.23%	37.38%	26.64%	-1.73%	17.88%	14.59%
<i>Difference</i>	-12.30%	-9.52%	-4.62%	-1.48%	-2.79%	1.42%	3.32%	1.95%	1.80%	-6.54%	5.94%	5.13%	-1.63%	0.56%

Fiscal Year ends on June 30 of the given year

*Performance of the benchmark is reported for the S&P Midcap 400 Total Return Index (Source: Bloomberg SPTRMDCP)

**Partial year. Performance begins June 1, 2000.

*** Partial Year

CoBA Portfolio

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
SSIF CoBA Portfolio	2.77%	-10.93%	10.21%	34.90%	28.74%	-9.84%	31.18%	0.69%	-8.38%	16.83%	33.73%	-14.96%	19.07%
S&P 500*	-14.83%	-17.99%	0.25%	19.11%	6.32%	8.63%	20.59%	-13.12%	-26.21%	14.43%	30.69%	5.45%	20.60%
<i>Difference</i>	17.60%	7.06%	9.96%	15.79%	22.42%	-18.47%	10.59%	13.81%	17.83%	2.40%	3.03%	-20.41%	-1.53%

Calendar Year	2000**	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013**
SSIF CoBA Portfolio	1.47%	-4.48%	-20.59%	49.49%	27.78%	11.94%	2.73%	36.03%	-36.71%	46.78%	25.36%	-19.11%	20.94%	15.15%
S&P 500*	-6.47%	-11.89%	-22.10%	28.68%	10.88%	4.91%	15.79%	5.49%	-37.00%	26.46%	15.06%	2.11%	16.00%	14.59%
<i>Difference</i>	7.93%	7.41%	1.51%	20.81%	16.90%	7.03%	-13.06%	30.54%	0.29%	20.32%	10.30%	-21.23%	4.94%	0.56%

Fiscal Year ends on June 30 of the given year

*Performance of the S&P 500 is for comparison purposes only. The CoBA portfolio does not have a mandated benchmark.

**Partial year. Performance begins June 1, 2000.

*** Partial Year

Appendix III: FY 2013 SSIF Members

Arwa Alamoudi*

Ahmed Alghamdi

Ahmed Alhajji

Eddie Arrieta

Carmell Beard

Carlos Benedict

Beard Carmell

Michael Carrier

Chris Cohn

Andrew Correll

Rachel Crofts

Jake Cusack

Dathan Deisher

Kevin Domain

Cale Fields

Mike Jacobson

Darcy Kolman

Brian Konagel

Alex Lohmann

Vanessa Maxfield

Matthew Miller

Byron Montgomery

Justice Moore

Sahil Patel

Tyler Patterson

Sarah Pommer

Jonathan Rambow

Lincoln Redwood

Megan Rhodes

Adam Riley

Brian Roberts

Claude Saint-Cyr

Brandon Schneider

Brad Schumann

Michael Shear

Divyesh Shelar

Joshua Stewart

Michael Valenzuela

Jiayuan (Max) Wan

Weiran Wang

Christopher Whitmire

Dana Williams

Dane Wilson

Jiachen Zong

*Graduate Student Consultant