



FISHER

COLLEGE OF BUSINESS

**Student Investment Management
(SIM) Portfolio**

2007 Annual Report

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I OBJECTIVES AND PHILOSOPHY

The Ohio State University Student Investment Management (SIM) Program has three primary objectives:

- to achieve a total return in excess of the Standard and Poor (S&P) 500 Index;
- to preserve and maintain the real purchasing power of the fund;
- to enhance the educational experience of the students, by providing them an opportunity to apply the investment management skills and knowledge they have acquired.

The SIM program offers the university a unique forum for delivery of a high quality practical education in investment management. The existence of the SIM program also provides students with a unique opportunity to learn how to apply both their knowledge of investment management theory as well as best practices from the industry.

Outside the classroom, the SIM Program concentrates on establishing and maintaining ties with the business community, which, in turn, enhances public relations for both the Fisher College of Business and The Ohio State University. The program sponsors quarterly student trips to major U.S. financial centers, such as Chicago and New York, where they meet with professionals in the securities and investments business.

In addition, thanks to a generous donation from OSU alumni Jack and Dan Rosenfield, the SIM program continued a quarterly competition in which the participants are required to prepare a security analysis report on a publicly-traded stock in the SIM investment universe. Each quarter two prizes are awarded: \$2000 for the best report and \$500 for the second best report. Apart from the prize money, the students benefit by gaining competitive advantage for internship and full-time employment opportunities in a variety of fields in finance.

II INVESTMENT PROCESS

The investment strategy of the SIM program is based on the philosophy that frequently, the market is inefficient and that fundamental analysis can be used to identify what securities to purchase. The structure of the SIM program necessitates a focus on large-cap stocks, with an emphasis on portfolio diversification to manage risk.

In the classroom, the students become active portfolio managers of the SIM Portfolio. They are divided into groups and each group is assigned the responsibility of covering one or two related sectors, as well as, the overall economy.

Sector groups review the prior class sector presentations and complete a detailed assessment of current information. The groups present their sector outlooks to the class and recommend an overweight, market-weight, or underweight position in their sectors. Each group then assesses the current SIM portfolio holdings in their sectors and evaluates alternatives within their sectors. Finally the group will make a second and final class presentation, in which they recommend specific stock actions. They may recommend holding the current positions, liquidating specific stocks, or adding new stocks to the SIM portfolio within their sector. After a final round of discussions and voting, the buys and sells for the quarter are finalized and orders are sent to the brokers. The class engages in a group decision-making process and a majority-vote rule applies.

To facilitate continuity, all presentations and individual stock reports are uploaded on the class website and students review prior class presentations and reports prior to beginning their own analysis. Further, each June, a second-year MBA student is appointed as the SIM graduate associate (GA) for one year. The SIM GA is responsible for preparing reports for the Office of the Treasurer, monitoring computer labs, answering questions, and making presentations to each new class on previous portfolios and strategies.

III PERFORMANCE REVIEW

The SIM portfolio net return was 28.89% during the fiscal year ending June 30, 2007, versus the S&P 500 portfolio return of 20.59% for the same period.

Table 1: Portfolio Overview as on June 30, 2007

Inception Date	February 13, 1990
Total Net Assets	\$25,810,305
Number of Equity Positions	32
Average Cap Size	\$102.36 Billion
Average P/E Ratio	19.95
Average P/B Ratio	5.16
Average Dividend Yield	1.72
Portfolio Beta	1.07

As per the figure above, the market value of the SIM portfolio as of June 30, 2007 was \$25.8 million. The total asset value includes a 2.6% allocation in cash as of fiscal year end. The portfolio comprised mainly large capitalization, US-based companies, although non-S&P 500 international exposure increased during the year to 12.2% as of June 30, 2007 from 11.7% in 2006. The portfolio also increased its overall holdings to 32 stocks during the year from 30 at fiscal year end 2006.

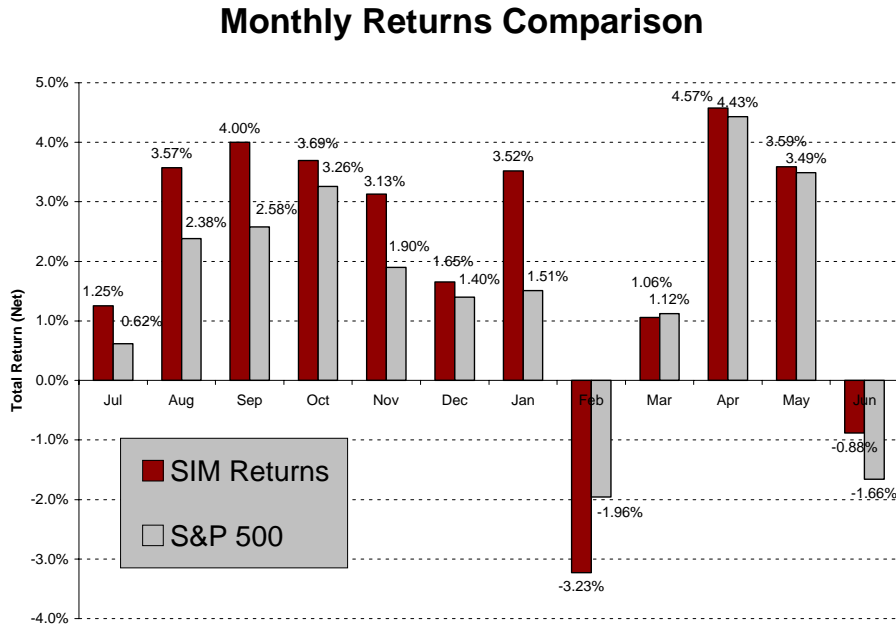
Table 2: Total Returns and Risk Metrics for SIM and S&P 500 Portfolios

	1-year		3-year		5-year		10-year		Since Inception	
	SIM	S&P-500	SIM	S&P-500	SIM	S&P-500	SIM	S&P-500	SIM	S&P-500
Annualized Total Returns										
Gross of Fees	29.53%	20.59%	13.36%	11.68%	12.17%	10.71%	8.43%	7.13%	10.65%	11.44%
Net of Fees	28.89%		12.80%		11.61%		7.89%		10.10%	
Measures of Risk										
Standard Deviation	7.97%	6.65%	8.29%	7.40%	11.95%	11.58%	17.43%	15.06%	16.37%	13.73%
Beta	1.07		1.07		0.98		1.02		0.95	
Tracking Error (σ_t)	2.08%		2.72%		3.47%		5.37%		8.00%	
R ²	0.932		0.892		0.916		0.905		0.761	
Sharpe Ratio	3.70	3.10	1.61	1.58	1.02	0.92	0.48	0.47	0.65	0.83
Information Ratio	4.29		0.62		0.42		0.24		-0.10	

The above table presents the total returns of the SIM portfolio and S&P 500 in the last one, three, five, and ten years and since inception. The SIM's net return during the fiscal year ended June 30, 2007 was a positive 28.89%. A combination of appropriate sector bets and superior stock selection during the year drove the superior returns verse the S&P 500, which returned 20.59% during the period.

The figure below shows the SIM portfolio outperformed in ten of the twelve months on a net basis relative to the S&P 500. The months with the greatest relative performance included July, August, September and January.

Figure 1: Monthly Return Comparison during FY'07

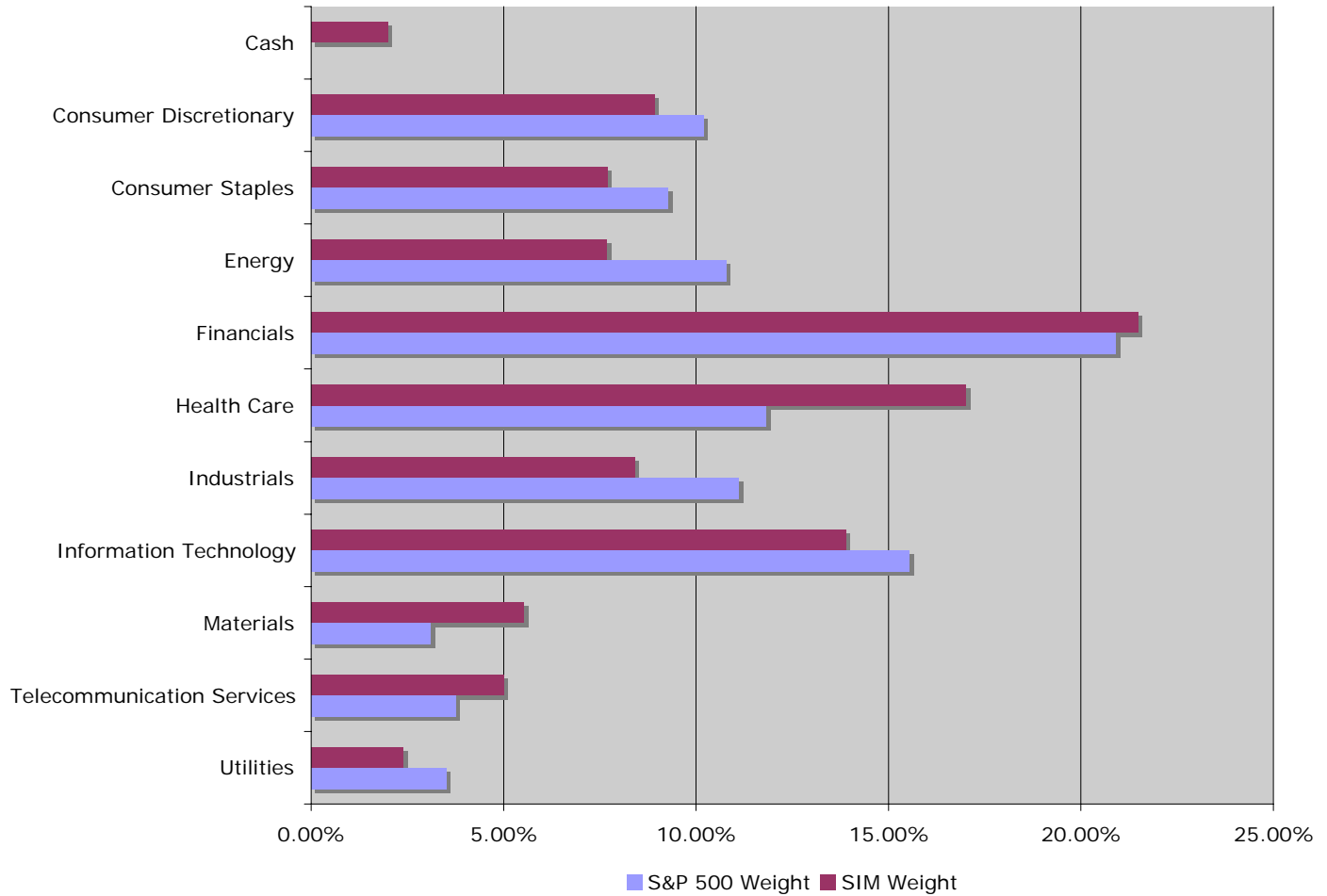


In the last ten years the SIM portfolio earned an annualized net return of 7.89% versus 7.13% for the S&P 500 over the same period. The superior performance does not persist on a risk-adjusted basis. This is reflected in the marginally higher Sharpe ratio of 0.48 for the SIM portfolio as against a corresponding 0.47 for the S&P500.

The SIM portfolio also outperformed the S&P 500 on an absolute basis during the last five and three year periods. The SIM portfolio achieved an annualized five and three-year return of 11.61% and 12.80%, respectively; which compared to 10.71% and 11.68% for the S&P 500. Again, the Sharpe ratio is relatively higher for the SIM portfolio over both time-spans, thereby resulting in a relatively weaker risk-adjusted return.

A closer look at the risk statistics of the last one, three, and five indicates that the systematic risk for the SIM portfolio increased. The SIM portfolio beta, which averaged 1.02 over the last 10 years and dipped to 0.98 over the past 5 years has jumped to 1.07 over the past year, respectively. Similarly, tracking error has declined throughout the multi-year periods.

Figure 2: Sector Allocation versus the Benchmark as of June 30, 2007



As of fiscal year end, the SIM Portfolio continued to modestly overweight the Health Care and Materials sectors by 519 and 214 basis points, respectively. Conversely, the largest underweight sector relative to the Index was Energy at -310 basis points and Utilities at -270 bps. The SIM Portfolio ended the fiscal year with cash position of \$669,630 or 2% of its total value.

In the following table, monthly excess returns of the SIM portfolio are analyzed over the past one, five, ten years and since inception relative to the multi-factor model of Fama and French (1993, Journal of Finance). The four factors that they propose include the market excess return (denoted 'Rm-Rf' in the tables), the returns difference between small cap and large cap returns based on all stocks in the NYSE, American and Nasdaq stock exchange universe (denoted 'SMB'), the returns difference between high book-to-market ratio and low book-to-market ratio stocks (denoted 'HML'), and the returns difference between those stocks that have had positive and negative momentum over the recent past (denoted 'MOM'). These factors are obtained from Professor Ken French's website maintained by Dartmouth University (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html). The

regression analysis shows how the returns performance of the SIM portfolio can be diagnosed into its style by market beta, size and value.

Table 3: Regression-Based Style Analysis Using the Fama-French Four-Factor Model

	<i>Since Inception</i>		<i>10-year</i>	
	<i>Coefficient</i>	<i>T-statistic</i>	<i>Coefficient</i>	<i>T-statistic</i>
Regression Statistics				
R-Squared	76.11%		90.51%	
Standard Error	2.33%		1.57%	
Monthly Observations	209		120	
Coefficients				
Intercept (Alpha)	-0.01%	-0.07	0.07%	0.47
Rm-Rf (Beta)	0.9485	20.26	1.0200	26.38
SMB (Size factor)	-0.1326	-2.59	-0.1557	-3.73
HML (Value factor)	-0.2005	-3.23	-0.1419	-2.81
MOM (Momentum factor)	0.0458	1.218	0.0343	1.177

	<i>5-year</i>		<i>1-year</i>	
	<i>Coefficient</i>	<i>T-statistic</i>	<i>Coefficient</i>	<i>T-statistic</i>
Regression Statistics				
R-Squared	91.58%		93.17%	
Standard Error	1.04%		1.05%	
Monthly Observations	60		12	
Coefficients				
Intercept (Alpha)	0.06%	0.44	0.32%	0.797
Rm-Rf (Beta)	0.9765	20.77	1.0744	6.058
SMB (Size factor)	-0.1131	-1.58	-0.3795	-1.63
HML (Value factor)	-0.0469	-0.064	-0.1565	-0.58
MOM (Momentum factor)	-0.1003	-2.51	-0.1067	-0.51

The regression-based style analysis uncovers several interesting attributes of the SIM portfolio. First the SIM portfolio attained an alpha over the last year of 32 basis points, which indicates that “excess return” is being achieved over and above what would be expected given the portfolio beta. Another interesting piece of data uncovered is the negative trend in the momentum factor (MOM). Since inception the MOM has decreased from 0.0458 to -0.1067. This indicates that over time students have shifted from chasing the strongest performing stocks to selecting those stocks that have recently taken a hit.

When comparing the change in statistics between the last 5 years and 1 year, it is worth reviewing the change in Beta (Rm-Rf), Market Cap (SMB) and Value (HML). The portfolio Beta increased from 0.9765 to 1.0744, thus indicating that students are taking relatively greater risk than the market as a whole. SMB shifted rather decidedly from -0.1131 to -0.3795, which uncovers the students’ bias away from mid-cap to larger-cap stocks. Last, the change in HML from -0.0469 to -0.1565 hints that students are leaning more towards growth stocks over the last year than they had been over the previous 5 years.

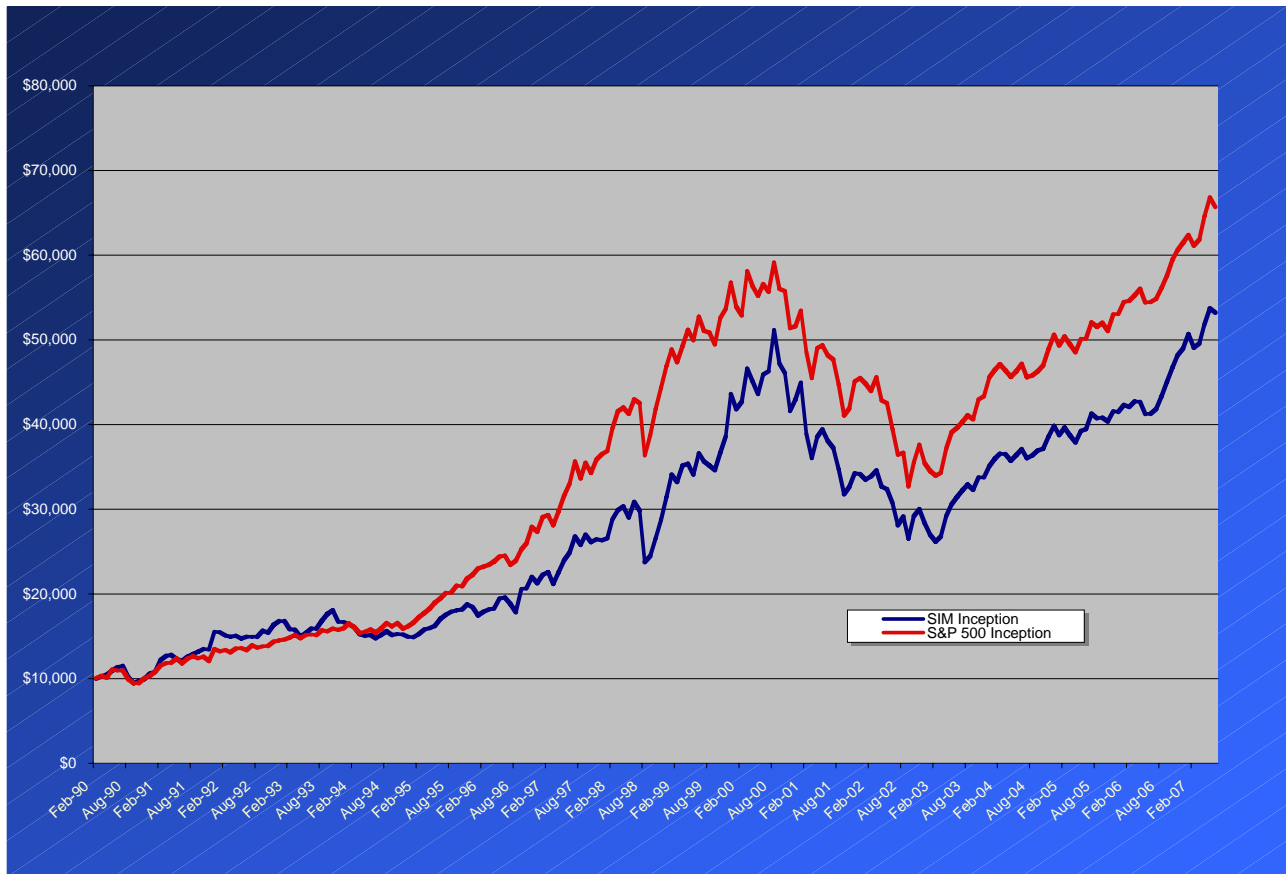
Table 4: Top Ten Holdings of the SIM portfolio as of June 30, 2007:

#	Security	Ticker	Market Value	% of Port.
1	Berkshire Hathaway – CL A	BRK/A	\$1,423,175	5.51%
2	Bank of America	BAC	\$1,364,031	5.28%
3	Teva Pharmaceutical ADR	TEVA	\$1,287,000	4.99%
4	JPMorgan Chase	JPM	\$1,250,010	4.84%
5	Microsoft	MSFT	\$1,228,899	4.76%
6	General Electric	GE	\$1,129,260	4.38%
7	Intel	INTC	\$1,090,584	4.23%
8	Johnson & Johnson	JNJ	\$1,072,188	4.15%
9	FedEx	FDX	\$1,032,021	4.00%
10	Goldman Sachs	GS	\$1,018,725	3.95%
			\$11,895,893	46.09%

Table 5: Top Ten Total Return Attribution Contributors during FY'07

Security	Total Gain	% of Total Return
Mastercard, Cl. A	\$846,298.14	14.38%
America Movil S.A.	\$411,669.33	7.00%
Infosys Technologies	\$363,815.74	6.18%
Stryker Corp.	\$348,880.51	5.93%
Microsoft Corp.	\$339,516.54	5.77%
ABB Ltd - ADR	\$294,287.83	5.00%
Exxon Mobil Corp.	\$289,366.41	4.92%
Merrill Lynch & Company, Inc.	\$283,594.32	4.82%
Hewlett-Packard Co.	\$269,984.00	4.59%
Teva Pharmaceutical Industries	\$261,763.68	4.45%
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Total Dollar Contribution of Top 10	\$3,709,176.50	63.03%
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Total Dollar Gain	\$5,868,173.86	100.00%

Figure 3: Dollar value of \$10,000 invested in SIM and S&P 500



The above graph shows the change in the value of \$10,000 invested in both the SIM portfolio and the S&P 500 from February 13, 1990 (inception) to June 30, 2007. The value of \$10,000 invested in the SIM portfolio would be \$53,235.32 (net capital gains plus dividends), whereas the same value invested in the S&P 500 would end with a value of \$66,811.37 (dividends re-invested).

IV ACKNOWLEDGEMENTS

Professor Andrew Karolyi is the director of the SIM program and administers long term functioning. Royce West has been the instructor during the last year.

The program depends on the assistance received from the personnel at the Treasurer's Office and Treasurer Tom Johnson. Al Rodack, Tim Michel and Gary Leimbach have made numerous presentations to the class, while other staff members of the Treasurer's Office and local brokerage firms have helped this program succeed.

Jeremy Sell has been the SIM Graduate Assistant for the academic year ended June 30, 2007.

Matthew Falk prepared this annual report, under the supervision of Professor Andrew Karolyi.

Appendix I: Holdings as of June 30, 2007

Quantity	Security	Unit Cost	Total Cost	Market Price	Market Value	pct. Assets	Div Yield
6,000	Akamai Technologies	43.20	299,188.47	48.64	291,840.00	1.1	-
13,600	Altria Group Inc	84.30	1,146,506.54	70.14	953,904.00	3.7	4.7
15,900	American Movil SA	34.61	550,297.96	61.93	984,687.00	3.8	0.3
13,500	Anheuser Busch Cos Inc	44.41	599,549.39	52.16	704,160.00	2.7	2.3
27,900	Bank of America Corp	50.47	299,182.47	48.89	1,364,031.00	5.3	4.6
13	Berkshire Hathaway Inc - CL A	109,400.00	299,185.47	109,475.00	1,423,175.00	5.5	-
10,500	Cardinal Health Inc	72.39	299,186.47	70.64	741,720.00	2.9	0.6
12,000	Carnival Corp	39.83	477,942.00	48.77	585,240.00	2.3	2.4
9,100	Citigroup	41.48	377,452.14	51.29	466,739.00	1.8	4.0
14,000	Coach Inc	42.78	598,980.20	47.39	663,460.00	2.6	-
4,900	Colgate-Palmolive Co.	66.75	299,189.47	64.85	317,765.00	1.2	2.0
10,100	CPFL Energia SA-ADR	54.38	299,184.47	60.73	613,373.00	2.4	6.5
14,900	Dow Chemical	42.99	640,486.93	44.22	658,878.00	2.6	3.5
7,400	Exxon Mobil Corp.	47.39	350,661.32	83.88	620,712.00	2.4	1.6
9,300	FedEx Corp	109.38	299,186.47	110.97	1,032,021.00	4.0	0.3
7,000	Genentech Inc	82.54	577,761.80	75.66	529,620.00	2.1	-
29,500	General Electric	10.11	298,133.64	38.28	1,129,260.00	4.4	2.8
4,700	Goldman Sachs	199.29	936,646.08	216.75	1,018,725.00	3.9	0.6
8,800	Greif Inc - CL A	58.71	299,187.47	59.61	524,568.00	2.0	1.4
20,400	Hewlett-Packard Co	24.81	506,158.26	44.62	910,248.00	3.5	0.7
45,900	Intel Corp	21.77	299,181.47	23.76	1,090,584.00	4.2	1.8
17,400	Johnson & Johnson	60.22	1,047,813.92	61.62	1,072,188.00	4.2	2.5
25,800	JPMorgan Chase & Co.	50.70	299,183.47	48.45	1,250,010.00	4.8	2.8
23,400	Limited Brands Inc	26.08	610,183.08	27.45	642,330.00	2.5	2.2
41,700	Microsoft	37.60	1,567,948.76	29.47	1,228,899.00	4.8	1.3
6,900	Nike Inc - CL B	56.25	299,190.47	58.29	402,201.00	1.6	1.2
20,000	NN Inc	12.21	244,110.88	11.80	236,000.00	0.9	2.7
10,400	Peabody Energy Corp	38.71	402,625.60	48.38	503,152.00	1.9	0.5
10,000	Schlumberger Ltd	65.05	650,500.00	84.94	849,400.00	3.3	0.7
14,600	Sprint Nextel Corp	20.49	299,180.47	20.71	302,366.00	1.2	0.5
31,200	Teva Pharmaceutical ADR	33.01	1,029,801.78	41.25	1,287,000.00	5.0	0.7
9,300	Wellpoint	76.73	713,559.24	79.83	742,419.00	2.9	-
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			16,917,346.16		25,140,675.00	97.4	2.0
	CASH AND EQUIVALENTS						
	Student Portfolio - SSGA Gov't Fund		669,629.93		669,629.93	2.6	4.6
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	TOTAL PORTFOLIO		17,586,976.09		25,810,304.93	100.0	2.0

Appendix II: Purchase Transactions from July 1, 2006 to June 30, 2007

Trade Date	Settlement Date	Quantity	Security	Unit Price	Amount
Summer Quarter					
21-Aug-06	24-Aug-06	10,100	AMERICA MOVIL-ADR SERIES L	37.69	380,159.96
21-Aug-06	24-Aug-06	12,000	CARNIVAL CORP	39.78	476,742.00
21-Aug-06	24-Aug-06	7,000	ISHARES NASDAQ BIOTECH INDX	71.84	502,530.00
21-Aug-06	24-Aug-06	3,800	MASTERCARD INC-CLASS A	54.68	207,608.82
21-Aug-06	24-Aug-06	4,100	MURPHY OIL CORP	49.97	204,658.06
21-Aug-06	24-Aug-06	4,000	OSHKOSH TRUCK CORP	50.30	201,000.00
21-Aug-06	24-Aug-06	12,400	US BANCORP	32.37	400,789.08
21-Aug-06	24-Aug-06	16,500	VALERO ENERGY CORP	62.82	1,035,658.80
21-Aug-06	24-Aug-06	9,300	WELLPOINT INC	76.68	712,629.24
Fall Quarter					
30-Nov-06	5-Dec-06	49,300	ABB LTD-SPON ADR	16.32	807,055.79
30-Nov-06	5-Dec-06	10,900	ALTRIA GROUP INC	83.80	913,934.48
30-Nov-06	5-Dec-06	31,000	BIOMED REALTY TRUST INC	30.24	939,021.00
30-Nov-06	5-Dec-06	14,000	COACH INC	42.73	598,980.20
30-Nov-06	5-Dec-06	7,000	DELTA TIMBER CORP	52.48	367,678.50
30-Nov-06	5-Dec-06	7,000	GENENTECH INC	82.49	577,761.80
30-Nov-06	5-Dec-06	15,300	HALLIBURTON CO	33.81	518,094.72
30-Nov-06	5-Dec-06	2,900	HUANENG POWER INTL-SPONS ADR	32.62	94,743.87
30-Nov-06	5-Dec-06	11,600	MICROSOFT CORP	29.45	342,198.84
30-Nov-06	5-Dec-06	25,000	TEVA PHARMACEUTICAL-SP ADR	32.06	802,717.50
30-Nov-06	5-Dec-06	7,100	UNION PACIFIC CORP	90.06	639,753.31
30-Nov-06	5-Dec-06	41,000	WINDSTREAM CORP	13.84	569,510.50
Winter Quarter					
9-Mar-07	14-Mar-07	11,000	ABB LTD-SPON ADR	16.82	185,570.00
9-Mar-07	14-Mar-07	2,700	ALTRIA GROUP INC	86.09	232,572.01
9-Mar-07	14-Mar-07	14,900	DOW CHEMICAL	42.94	640,486.93
9-Mar-07	14-Mar-07	4,700	GOLDMAN SACHS GROUP INC	199.24	936,175.99
9-Mar-07	14-Mar-07	23,400	LIMITED BRANDS INC	26.03	610,183.08
9-Mar-07	14-Mar-07	11,274	NN INC	12.11	137,095.22
9-Mar-07	14-Mar-07	10,400	PEABODY ENERGY CORP	38.66	402,626.02
9-Mar-07	14-Mar-07	20,600	REINSURANCE GROUP OF AMERICA	55.96	1,151,690.38
9-Mar-07	14-Mar-07	10,000	SCHLUMBERGER LTD	65.00	650,500.00
9-Mar-07	14-Mar-07	5,300	SPRINT NEXTEL CORP	19.48	102,978.47
9-Mar-07	14-Mar-07	6,200	TEVA PHARMACEUTICAL-SP ADR	36.58	226,464.30
Spring Quarter					
6-Jun-07	11-Jun-07	6,000	AKAMAI TECHNOLOGIES	43.20	259,492.80
6-Jun-07	11-Jun-07	27,900	BANK OF AMERICA CORP	50.47	1,409,466.15
6-Jun-07	11-Jun-07	13	BERKSHIRE HATHAWAY INC-CL A	109,400.00	1,422,839.99
6-Jun-07	11-Jun-07	10,500	CARDINAL HEALTH INC	72.39	760,668.30
6-Jun-07	11-Jun-07	4,900	COLGATE-PALMOLIVE CO	66.75	327,320.00
6-Jun-07	11-Jun-07	10,100	CPFL ENERGIA SA-ADR	54.38	549,727.85
6-Jun-07	11-Jun-07	9,300	FEDEX CORP	109.38	1,017,680.40
6-Jun-07	11-Jun-07	20,600	GENERAL ELECTRIC CO	37.29	769,204.00
6-Jun-07	11-Jun-07	8,800	GREIF INC-CL A	58.71	517,122.32
6-Jun-07	11-Jun-07	45,900	INTEL CORP	21.77	1,001,638.98
6-Jun-07	11-Jun-07	25,800	JPMORGAN CHASE & CO	50.70	1,309,344.84
6-Jun-07	11-Jun-07	6,900	NIKE INC -CL B	56.25	388,461.72

Appendix III: Sell Transactions from July 1, 2006 to June 30, 2007

Trade Date	Settlement Date	Quantity	Security	Unit Price	Amount
Summer Quarter					
21-Aug-06	24-Aug-06	21,500	BOSTON SCIENTIFIC CORP	16.65	356,938.45
21-Aug-06	24-Aug-06	12,500	CITIGROUP INC	48.46	605,153.90
21-Aug-06	24-Aug-06	17,200	GENERAL ELECTRIC CO	33.85	581,292.24
21-Aug-06	24-Aug-06	17,800	HOME DEPOT INC	34.22	608,267.81
21-Aug-06	24-Aug-06	1,800	INFOSYS TECHNOLOGIES-SP ADR	43.56	78,313.61
21-Aug-06	24-Aug-06	12,300	MICROSOFT CORP	25.65	314,870.31
21-Aug-06	24-Aug-06	26,800	NABORS INDUSTRIES LTD	34.08	911,866.08
21-Aug-06	24-Aug-06	7,300	WAL-MART STORES INC	44.08	321,409.12
Fall Quarter					
30-Nov-06	5-Dec-06	3,500	ALLTEL CORP	56.97	199,202.85
30-Nov-06	5-Dec-06	19,100	CINTAS CORP	42.02	801,609.81
30-Nov-06	5-Dec-06	5,900	DEUTSCHE BANK AG-REGISTERED	129.26	762,343.13
30-Nov-06	5-Dec-06	9,200	DOW CHEMICAL	39.77	365,424.92
30-Nov-06	5-Dec-06	7,300	EXXON MOBIL CORP	76.24	556,150.50
30-Nov-06	5-Dec-06	14,200	FEDERATED DEPARTMENT STORES	41.49	588,448.00
30-Nov-06	5-Dec-06	6,300	INFOSYS TECHNOLOGIES-SP ADR	53.48	336,578.13
30-Nov-06	5-Dec-06	7,000	ISHARES NASDAQ BIOTECH INDX	80.22	561,169.70
30-Nov-06	5-Dec-06	7,600	MASTERCARD INC-CLASS A	99.07	752,548.96
30-Nov-06	5-Dec-06	4,100	MURPHY OIL CORP	54.12	221,702.17
30-Nov-06	5-Dec-06	4,000	OSHKOSH TRUCK CORP	47.72	190,696.00
30-Nov-06	5-Dec-06	29,700	PFIZER INC	27.65	819,720.00
30-Nov-06	5-Dec-06	15,800	PROCTER & GAMBLE CO	62.73	990,271.32
30-Nov-06	5-Dec-06	2,100	SUEZ-ADR	48.04	100,784.04
Winter Quarter					
9-Mar-07	14-Mar-07	31,000	BIOMED REALTY TRUST INC	26.57	822,200.60
9-Mar-07	14-Mar-07	7,000	DELTIC TIMBER CORP	48.84	342,207.60
9-Mar-07	14-Mar-07	15,300	HALLIBURTON CO	32.07	491,440.36
9-Mar-07	14-Mar-07	375	IDEARC INC	34.52	12,926.25
9-Mar-07	14-Mar-07	9,000	MASTERCARD INC-CLASS A	101.59	913,885.20
9-Mar-07	14-Mar-07	3,600	STRYKER CORP	62.96	226,490.04
9-Mar-07	14-Mar-07	7,100	UNION PACIFIC CORP	98.91	702,657.45
9-Mar-07	14-Mar-07	16,500	VALERO ENERGY CORP	60.78	1,003,677.94
9-Mar-07	14-Mar-07	7,500	VERIZON COMMUNICATIONS INC	36.45	273,000.00
9-Mar-07	14-Mar-07	15,850	VIACOM INC-CLASS A	38.79	615,675.68
Spring Quarter					
6-Jun-07	11-Jun-07	60,300	ABB LTD-SPON ADR	21.23	1,277,054.40
6-Jun-07	11-Jun-07	12,200	CAPITAL ONE FINANCIAL CORP	79.63	970,803.47
6-Jun-07	11-Jun-07	2,900	HUANENG POWER INTL-SPONS ADR	41.71	120,816.37
6-Jun-07	11-Jun-07	23,900	INFOSYS TECHNOLOGIES-SP ADR	48.94	1,168,480.49
6-Jun-07	11-Jun-07	9,411	KRAFT FOODS INC-A	34.29	322,222.73
6-Jun-07	11-Jun-07	10,500	L-3 COMMUNICATIONS HOLDINGS	95.29	999,937.83
6-Jun-07	11-Jun-07	13,100	MERRILL LYNCH & CO INC	90.06	1,179,092.16
6-Jun-07	11-Jun-07	14,900	MICROSOFT CORP	30.39	452,052.09
6-Jun-07	11-Jun-07	20,600	REINSURANCE GROUP OF AMERICA	62.44	1,285,118.29
6-Jun-07	11-Jun-07	11,200	STRYKER CORP	66.33	742,357.99
6-Jun-07	11-Jun-07	3,900	SUEZ-ADR	56.01	218,228.28
6-Jun-07	11-Jun-07	12,400	US BANCORP	34.40	425,882.26
6-Jun-07	11-Jun-07	44,618	WINDSTREAM CORP	15.10	671,448.98

Appendix IV: Dividends received during the period July 1, 2006 to June 30, 2007

Payment Date	Security	Amount
7/3/06	Alltel Corp.	1,347.50
7/3/06	Federated Department Stores, Inc.	1,810.50
7/3/06	Kerr-McGee Corp.	203.50
7/3/06	Merck & Company, Inc.	12,692.00
7/3/06	Tronox Inc. Cl B	32.80
7/5/06	Hewlett-Packard Co.	1,112.00
7/25/06	General Electric Co.	6,525.00
7/28/06	Dow Chemical Co.	3,450.00
8/1/06	Verizon Communications, Inc.	3,037.50
8/3/06	American Movil SA	1,060.29
8/15/06	Procter & Gamble Co.	4,898.00
8/21/06	Capital One Financial Corp.	325.25
8/23/06	Merrill Lynch & Company, Inc.	3,275.00
8/25/06	Citigroup, Inc.	10,584.00
9/5/06	Pfizer, Inc.	7,128.00
9/5/06	Wal-Mart Stores, Inc.	1,222.75
9/11/06	Anheuser-Busch Companies, Inc.	3,982.50
9/11/06	Exxon Mobil Corp.	4,704.00
9/12/06	Johnson & Johnson	6,525.00
9/14/06	Microsoft Corp.	5,157.00
9/15/06	L-3 Communications Holdings, Inc.	1,968.75
9/29/06	Sprint Nextel Corp	232.50
10/2/06	Federated Department Stores, Inc.	1,810.50
10/3/06	Alltel Corp.	168.00
10/3/06	Alltel Corp.	437.50
10/4/06	Hewlett-Packard Co.	1,632.00
10/4/06	Deutsche Bank AG-Registered	736.86
10/16/06	US Bancorp	4,092.00
10/16/06	Windstream Corp	738.07
10/25/06	General Electric Co.	2,225.00
10/30/06	Dow Chemical Co.	3,450.00
11/1/06	Verizon Communications, Inc.	3,037.50
11/3/06	Infosys Technologies	2,995.84
11/10/06	Mastercard Inc	1,494.00
11/15/06	Procter & Gamble Co.	4,898.00
11/20/06	Capital One Financial Corp.	325.33
11/22/06	Citigroup, Inc.	4,459.00
11/22/06	Merrill Lynch & Company, Inc.	3,275.00
11/22/06	Oshkosh Truck Corp	400.00
12/1/06	Murphy Oil	615.00
12/5/06	Pfizer, Inc.	7,128.00

Appendix IV: Dividends received during the period July 1, 2006 to June 30, 2007 (cont.)

Payment Date	Security	Amount
12/8/06	Carnival Corp	3,300.00
12/11/06	Anheuser-Busch Companies, Inc.	3,982.50
12/11/06	Exxon Mobil Corp.	4,704.00
12/12/06	Johnson & Johnson	6,525.00
12/13/06	Valero Energy Corp	1,320.00
12/14/06	Microsoft Corp.	4,500.00
12/15/06	L-3 Communications Holdings, Inc.	1,968.75
12/29/06	Sprint Nextel Corp	232.50
1/3/07	Hewlett-Packard Co.	1,632.00
1/10/07	Altria Group Inc.	9,374.00
1/16/07	Biomed Rity Trust	8,990.00
1/16/07	US Bancorp	4,960.00
1/16/07	Windstream Corp	11,154.50
1/25/07	General Electric Co.	2,492.00
1/31/07	Stryker Corp	3,256.00
2/1/07	Verizon Communications, Inc.	3,037.50
2/9/07	Mastercard Inc	810.00
2/22/07	Capital One Financial Corp.	325.33
2/23/07	Citigroup, Inc.	4,914.00
3/1/07	Merrill Lynch & Company, Inc.	4,585.00
3/2/07	Microsoft Corp.	5,660.00
3/8/07	Anheuser-Busch Companies, Inc.	3,982.50
3/8/07	Carnival Corp	3,300.00
3/9/07	Exxon Mobil Corp.	2,368.00
3/13/07	Johnson & Johnson	6,525.00
3/14/07	Valero Energy Corp	1,980.00
3/15/07	Deltic Timber Corp	525.00
3/15/07	IDEARC Inc	128.44
3/15/07	L-3 Communications Holdings, Inc.	2,625.00
3/15/07	TEVA Pharmaceutical LTD ADR	1,966.50
3/22/07	Halliburton Co.	1,147.50
3/30/07	Sprint Nextel Corp	232.50
4/2/07	Union Pacific Corp	2,485.00
4/4/07	Hewlett-Packard Co.	1,632.00
4/10/07	Altria Group Inc.	11,696.00
4/16/07	US Bancorp	4,960.00
4/16/07	Windstream Corp	11,154.50
4/20/07	NN Inc	1,600.00
4/25/07	General Electric Co.	2,492.00
4/30/07	Dow Chemical Co.	5,587.50
5/18/07	Peabody Energy Corp	624.00
5/21/07	Capital One Financial Corp.	325.33
5/23/07	Merrill Lynch & Company, Inc.	4,585.00
5/24/07	Goldman Sachs	1,645.00
5/25/07	Citigroup, Inc.	4,914.00
5/25/07	Reinsurance Group of America	1,854.00
6/5/07	TEVA Pharmaceutical LTD ADR	2,598.96
6/7/07	Suez-ADR	5,320.84
6/8/07	Carnival Corp	4,200.00
6/11/07	Anheuser-Busch Companies, Inc.	3,982.50
6/11/07	Exxon Mobil Corp.	2,590.00
6/12/07	Johnson & Johnson	7,221.00
6/14/07	ABB LTD - ADR	9,839.51
6/14/07	Microsoft Corp.	5,660.00
6/15/07	L-3 Communications Holdings, Inc.	2,625.00
6/15/07	Limited Brands	3,510.00
6/19/07	Huaneng Power Intl - ADR	4,142.21
6/20/07	NN Inc	1,600.00
6/29/07	Sprint Nextel Corp	365.00

	Total Dividends Received	346,904.31

Appendix V: Interest received during the period July 1, 2006 to June 30, 2007

Payment Date	Security Name	Amount
3-Jul-06	SSGA Gov't Fund Money Market	602.51
1-Aug-06	SSGA Gov't Fund Money Market	451.73
1-Sep-06	SSGA Gov't Fund Money Market	1826.74
3-Oct-06	SSGA Gov't Fund Money Market	816.74
3-Nov-06	SSGA Gov't Fund Money Market	926.47
1-Dec-06	SSGA Gov't Fund Money Market	987.93
2-Jan-07	SSGA Gov't Fund Money Market	1456.09
1-Feb-07	SSGA Gov't Fund Money Market	1644.17
1-Mar-07	SSGA Gov't Fund Money Market	1595.43
2-Apr-07	SSGA Gov't Fund Money Market	1939.44
1-May-07	SSGA Gov't Fund Money Market	2021.6
1-Jun-07	SSGA Gov't Fund Money Market	2204.02

	Total Interest Received	16,472.87

Appendix VI: Statement of management fees during the period July 1, 2006 to June 30, 2007

Date	Fee Amount
30-Sep-06	27,198.15
31-Dec-06	29,604.32
31-Mar-07	30,009.63
30-Jun-07	32,262.88

	119,074.98

Appendix VII: Rosenfield Prize for Excellence in Security Analysis, July 1, 2006 to June 30, 2007

Quarter	Winners and Reports
Summer 2006	Winner: Adam Grimes (Valero Energy)
	Runner up: Steven Kennedy
Fall 2006	Winner: Constantine Elefter (Timken)
	Runner up: Lee Wallinford
Winter 2007	Winner: Enoch Shih (Union Pacific)
	Runner up: Andrew Givens
Spring 2007	Winner: Chad Zipfel (Wellpoint)
	Runner up: Peiru Yen

Participating judges: Aaron Monroe, James Armstrong, Jack Rosenfield, Dan Rosenfield, Chris Henneforth, Bhavik Kothari, Aasim Khwaja, Rafael Canario, Shawn Browning.