



2005 Annual Report

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I EXECUTIVE SUMMARY

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 investment 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 industry. This year, again, the program also sponsored a number of additional student-learning experiences. In February, a team of four MBA students participated in the 2005 Rotman International Trading Competition in Toronto, Canada. In April 2005, the program also sponsored two MBA students to attend the 2005 Redefining Investment Strategy Education Symposium in Dayton, where they had an opportunity to listen to presentations and discussions by leaders in the securities business. In addition, the SIM program continued to oversee the quarterly competition for the Rosenfield Prize for Excellence in Security Analysis 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.

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

Performance Review

Although, in the last year, the SIM portfolio underperformed the S&P 500 by 0.33%, on an annualized basis, it outperformed the benchmark index on a risk-adjusted basis due to modest market risk exposures and low tracking

error. In the last year, the SIM portfolio produced a total return of 4.19% in excess of the risk-free 30-day T-Bill versus 4.52% for the S&P 500. Its market beta was 0.88 yielding an annualized alpha of 20 basis points. The tracking error dropped to only 145 basis points on an annualized basis.

Investment Process

In the classroom, the students become active portfolio managers of the SIM Portfolio. They are divided into six groups of approximately six students each and each group is assigned the responsibility of covering one or two related sectors. One group is assigned to prepare an economic outlook report, which is then used by all the other groups. The sector assigned to the economic group is assigned a neutral S&P 500 index-equivalent weight. The students engage in a group decision-making process and a majority-vote rule applies.

The students primarily follow a top-down investment process with the economic group making the first class presentation early in the course. Each subsequent group then performs a detailed analysis of their sectors and industries within their sectors and recommends the overall weight that should be assigned to their sector. After each recommended sector weight is debated and voted on, each group does a detailed analysis of the stocks within their assigned sectors and makes individual stock recommendations to the class. These individual stock recommendations are again debated in class and voted on.

Market and Sector Outlook

The US economy is already close to full employment, real GDP growth remains modestly above trend, and financial conditions have yet to tighten since the Federal Open Market Committee (FOMC) started to raise its funds rate target in June 2004. This evidence suggests that the Fed will continue to push its funds rate target upward, to 4% by the end of 2005.

For the first half of the year, the S&P 500 has lost 1.70% in value and has yielded 4.52% over the last twelve months. This represents a decline from market returns of 17.07% in fiscal year 2004 and 6.90% in 2003.

Although the economy has experienced healthy real growth over the last three years, the increase of short-term interest rates and sustained high oil prices will curb the performance of the equity markets for the rest of 2005.

Given that we are likely to see a rising interest rate environment and continued (albeit slower) growth, the interest sensitive sectors (e.g. banks with high mortgage business and home builders) and the defensive sectors (e.g. consumer staples) are likely to under perform. On the other hand, the cyclical sectors (e.g. natural resources, capital-goods) and the growth sectors (e.g. Technology and Health care) are likely to out perform.

II INVESTMENT PHILOSOPHY

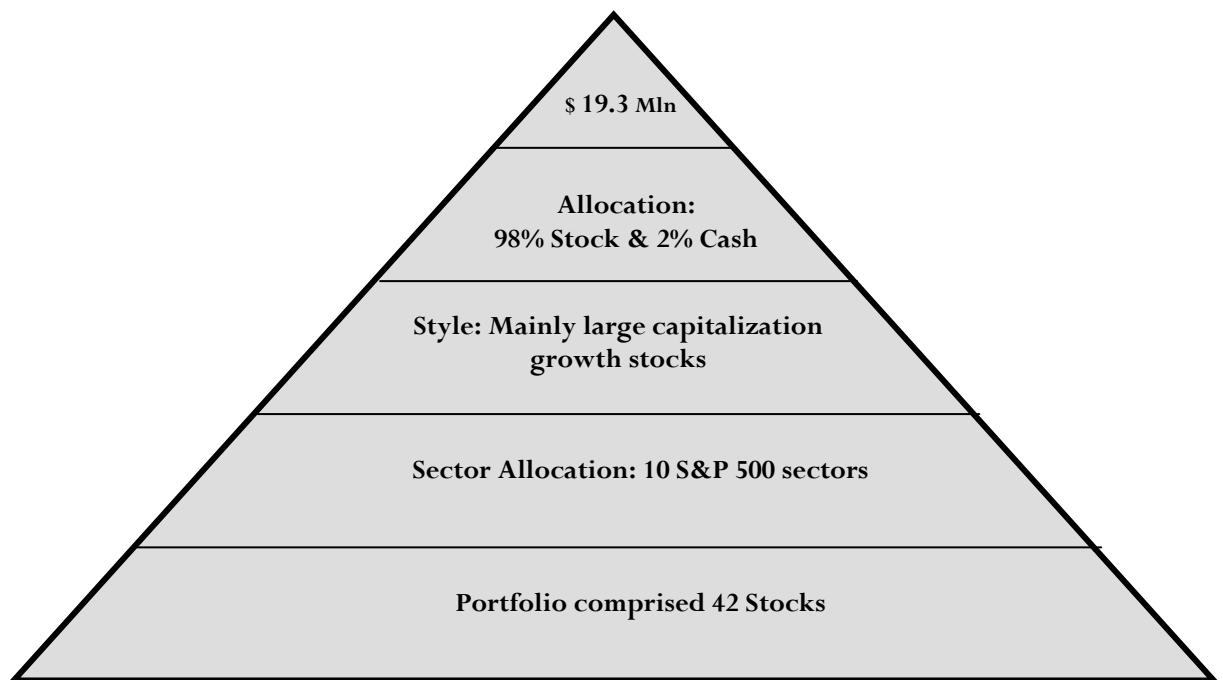
The investment strategy of the SIM program is based on the philosophy that frequently the market imperfectly absorbs and responds to available information creating inefficiencies. These inefficiencies can be identified by fundamental analysis driven by quantitative analysis of the firm's financials and supported by technical analysis of the recent capital market activity in the stock. Qualitative factors, such as management reputation for earnings management, quality of the disclosures in the financial statements, are also factored into the analysis before making the final decision.

The SIM portfolio is focused on large capitalization stocks because of their high degree of liquidity and because of the ease in getting information from public sources. Further, the SIM portfolio has demonstrated a bias toward growth stocks primarily because they are relatively easier to analyze than value stocks and because they tend to move towards their expected value faster than value stocks.

Another focus of the SIM Portfolio is diversification as a means to manage risk.

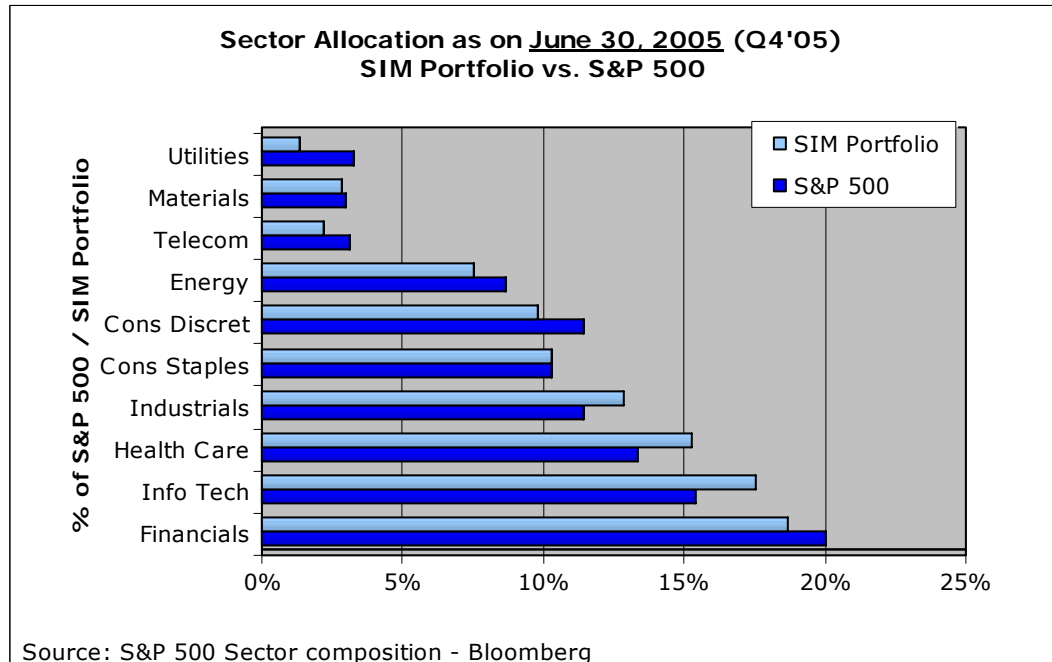
III PORTFOLIO OVERVIEW AND PERFORMANCE ANALYSIS

Figure 1: Portfolio Overview as on 30-June-2005



As per the figure above, the market value of the SIM portfolio as of June 30, 2005 was \$19.3 million. The asset allocation was 98% stocks and 2% cash. The portfolio comprised mainly large capitalization growth stocks, although there is a reasonable exposure to value oriented stocks. The portfolio as at June 30, 2005 comprised 42 stocks spread across the ten S&P 500 sectors.

Figure 2: Sector Allocation for the four quarters ended June 30, 2005



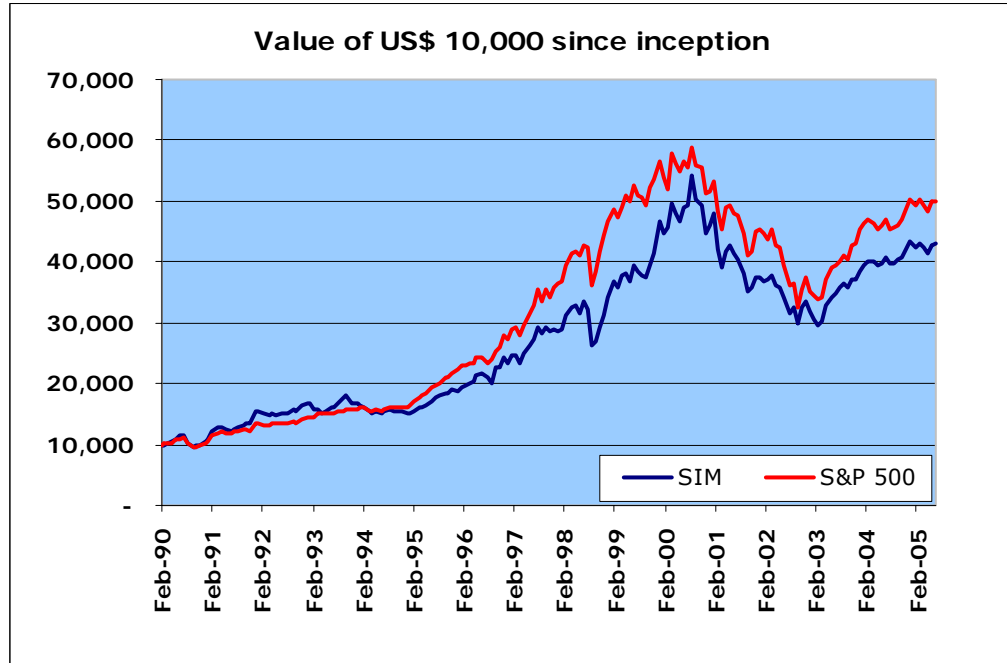
As of the end of Q4'05 the SIM Portfolio was significantly overweight in the Industrials, Health Care and Information Technology sectors by at least 144 basis points. By contrast, the Utilities, Consumer Discretionary and Financial sectors were each underweight by more than 135 basis points. The SIM Portfolio ended the fiscal year with cash position of \$303,672, or 166 basis points of its total value. The top individual stock holdings are shown below.

Table 1: Top Ten Holdings of the SIM portfolio as of June 30, 2005:

Top Ten Holdings	Ticker	% of SIM Portfolio
Citigroup	C	5.19%
Microsoft	MSFT	4.44%
Pfizer Inc.	PFE	4.40%
L-3 Communications Hldg Corp.	LLL	4.18%
American International Group	AIG	3.83%
Procter & Gamble Co.	PG	3.81%
EMC Corp.	EMC	3.69%
Amgen Inc.	AMGN	3.46%
Capital One Financial Corp.	COF	3.41%
Symantec Corp.	SYMC	3.16%
Total		39.56 %

IV PERFORMANCE REVIEW

Figure 4: 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, 2005. The value of \$10,000 invested in the SIM portfolio would be \$43,067 (capital gains plus dividends), whereas the same value invested in the S&P 500 would end with a value of 49,993 (dividends re-invested).

Table 2: Absolute and risk adjusted returns of the SIM and S&P 500

	10-year		5-year		1-year	
	SIM	S&P-500	SIM	S&P-500	SIM	S&P-500
Annualized Excess Returns						
Arithmetic Mean	6.97%	7.07%	-3.74%	-3.57%	4.19%	4.52%
Geometric Mean	5.64%	5.99%	-4.83%	-4.69%	4.00%	4.27%
Measures of Risk						
Standard Deviation	17.03%	15.75%	15.50%	15.71%	7.64%	8.50%
Beta	0.98	1.00	0.93	1.00	0.88	1.00
Tracking Error (σ_ϵ)	7.23%		5.13%		1.45%	
Risk Adjusted Returns						
Sharpe Ratio	0.33	0.38	-0.31	-0.30	0.52	0.50
Treynor's Ratio	5.77%	5.99%	-5.19%	-4.69%	4.53%	4.27%
Jensen's Alpha	0.04%		-0.42%		0.20%	
Appraisal Ratio	0.01		0.21		0.14	
Information Ratio	-0.05		-0.03		-0.19	

The above table presents the absolute and risk adjusted returns of the SIM portfolio and S&P 500 in the last ten, five and one years. In the last ten years the SIM portfolio earned an annualized excess return (raw return less risk-free return) of 5.64% versus 5.99% for the S&P 500. The underperformance persisted even when adjusted for risk. This is reflected in the lower Sharpe and Treynor ratios of 0.33 and 5.77% respectively for the SIM portfolio as against a corresponding 0.38 and 5.99% for the S&P500.

The SIM portfolio slightly underperformed the S&P 500 on an absolute and risk adjusted basis over the prior five years. The SIM portfolio achieved an annualized excess return of -3.74%, which is lower than the -3.57% for the S&P 500. The Sharpe and Treynor ratios for the SIM portfolio are moderately lower than those for the S&P 500 indicating the inferior performance persisted on a risk adjusted basis. The portfolio alpha was negative 0.42% and its information ratio (calculated as the difference in returns between the portfolio and the S&P 500 deflated by its tracking error) was negative 0.03.

In the last year, the SIM portfolio underperformed the S&P 500 by 33 basis points or 0.33%. When adjusted for its much lower total absolute (standard deviation) and relative (beta) risk, however, the SIM portfolio outperformed the S&P 500 as reflected by the higher Sharpe and Treynor ratios as well as the alpha and appraisal ratio (calculated as alpha deflated by tracking error).

A closer look at the statistics of the last ten, five and one years indicates that the systematic and unsystematic risk for the SIM portfolio decreased. The SIM portfolio beta, which averaged 0.98 over the last 10 years decreased to 0.93 over the last 5 years. Over the last one year the SIM portfolio beta fell dramatically to 0.88. Over the same time horizon, the tracking error of the fund decreased from 7.23% and 5.13% in the last ten and five years respectively to 1.45% in the last year.

While Table 2 contains both the arithmetic and geometric returns, only geometric returns have been used to compute the various risk-adjusted ratios. Returns include capital gains and dividends, but are gross of management fees and other expenses, which have been ignored for the above calculations.

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 three 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') and the returns difference between high book-to-market ratio and low book-to-market ratio stocks (denoted 'HML'). These factors are obtained from Professor Kenneth French's website maintained by the Tuck School of Business at 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 Three-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	75.89%		84.90%	
Standard Error	2.26%		1.91%	
Monthly Observations	184		120	
Coefficients				
Intercept (Alpha)	0.1246%	0.71	0.1433%	0.77
Rm-Rf (Beta)	0.8719	19.61	0.9054	20.66
SMB (Size factor)	-0.1051	-2.13	-0.1363	-2.92
HML (Value factor)	-0.2046	-3.40	-0.1791	-3.01

	<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	91.04%		96.25%	
Standard Error	1.34%		0.43%	
Monthly Observations	60		12	
Coefficients				
Intercept (Alpha)	0.0375%	0.193	-0.2656%	-1.47
Rm-Rf (Beta)	0.8823	19.960	0.9206	9.92
SMB (Size factor)	-0.1302	-2.171	-0.1705	-1.85
HML (Value factor)	-0.0838	-1.496	0.0659	0.80

The regression-based style analysis uncovers several interesting attributes of the SIM portfolio. First, the factor loadings on market risk represented by (Rm-Rf) have been steeply declining. From 0.9054 over the past ten-year period, it fell to 0.8823 over the past five-year, although it increased in the last year to 0.9206. This indicates that the students have been employing a defensive portfolio thus forgoing a few basis points in returns but by significantly reducing the market risk of the portfolio. This, as indicated above, was captured by the higher risk-adjusted returns in the last year for the SIM portfolio relative to the S&P 500 despite underperformance on an absolute basis. This signals that the SIM portfolio is more defensive than the overall market and should outperform in case of a market downturn.

The regression output for the ten-year period further suggests that the SIM portfolio has had a large cap growth tilt as represented by negative factor loadings on SMB and HML. This is further corroborated by the t-statistic, which for both these factors were around or above 2.0 indicating that the large cap growth bias is statistically significant. However in the recent past, especially in the last year, the SIM portfolio has transformed from a large cap growth fund to something more akin to a large cap blend fund, consistent with our mandate.

V INVESTMENT PROCESS

Stocks for the SIM portfolio are selected primarily by the top-down approach. The students are divided into six groups of approximately six students each. Each group is assigned responsibility for covering one or two related sectors and each student in that group is responsible for constantly monitoring one or two individual stocks, which are currently in the SIM portfolio. One group is asked to prepare an economic outlook report, which is then used by all the other groups. The sector assigned to the economic group is assigned the S&P 500 market-weight. The students engage in a group decision-making process and a majority vote rule applies.

As per the top-down investment process, the first class presentation is by the economic analysis group. The economic analysis group reviews the economic outlook presentations of the prior classes and revises the outlook on the basis of current information. They undertake an economic analysis and forecast what stage (recovery, overheat, soft landing, hard landing) the economy will be in for the next few months. To undertake the economic analysis, the students look at a number of factors, such as: GDP, interest rates, inflation, unemployment rates, consumer demand, business demand, government demand, net foreign demand, changes in inventory levels.

After the economic analysis is debated and agreed upon, each group reviews the prior class sector presentations and also does a detailed assessment using current information. They present their sector outlooks to the class and recommend an overweight, market-weight, or underweight position in those sectors. Based on the debate and voting on the sector presentations, each group re-assesses the current SIM portfolio holdings in their sectors and also evaluates other S&P 500 stocks within their sectors. Each group makes its second and final class presentation, in which they make specific stock recommendations. They may recommend changing or liquidating specific stock positions (within their sectors), or they may recommend adding new stocks to the SIM portfolio. After a final round of discussions and voting, the buys and sells for the quarter are finalized and orders are sent to the brokers.

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 and answering questions, making presentations to each new class on previous portfolios and strategies.

VI MARKET AND SECTOR OUTLOOK

The US economy is already close to full employment, real GDP growth remains modestly above trend, and financial conditions have yet to tighten since the Federal Open Market Committee (FOMC) started to raise its funds rate target in June 2004. This evidence suggests that the Fed will continue to push its funds rate target upward, to 4% by the end of 2005.

For the first half of the year, the S&P 500 has lost 1.70% in value and has yielded 4.52% over the last twelve months. This represents a decline from market returns of 17.07% in fiscal year 2004 and 6.90% in 2003.

Although the economy has experienced healthy real growth in the last three years (Table 4), the increase of short-term interest rates and sustained high oil prices will curb the performance of the equity markets for the rest of 2005.

Given that we are likely to see a rising interest rate environment and continued (albeit slower) growth, the interest sensitive sectors (e.g. banks with high mortgage business and home builders) and the defensive sectors (e.g. consumer staples) are likely to under perform. On the other hand, the cyclical sectors (e.g. natural resources, capital-goods) and the growth sectors (e.g. Technology and Health care) are likely to out perform.

Table 4: Key Numbers in Business Outlook (annualized percent changes)

	2005				2006			
	Q1	Q2E	Q3E	Q4E	Q1E	2004	2005E	2006E
Real GDP	3.1%	3.0%	3.5%	3.0%	3.0%	4.4%	3.4%	3.1%
Ind. Prod., mfg.	4.0	1.0	2.5	3.5	4.0	4.8	3.4	3.5
CPI	2.4	4.8	1.9	2.5	2.5	2.7	3.0	2.6
After tax profits	5.0	5.5	12.0	-1.5	1.0	16.0	5.0	2.0
Unemp. Rate	5.3	5.2	5.1	5.0	5.0	5.5	5.1	5.0
Fed Funds Rate	2.6	3.3	3.8	4.0	4.3	2.2	4.0	4.5
10-year note yield	4.5	4.3	4.6	4.9	5.0	4.2	4.9	5.0

VII ACKNOWLEDGEMENTS

Professor Andrew Karolyi is the director of the SIM program and administers its day-to-day and 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 Jim Nichols. Al Rodack, Jim Nichols, 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.

Avinash Wadhwa has been the SIM Graduate Assistant for the academic year ended June 30, 2005.

Antonio Ferraro and Jake Seegers prepared and delivered the annual SIM performance presentation to the Treasurer's office on April 8, 2005, under the supervision of Professor Royce West. Avinash Wadhwa and Rafael Canario prepared this annual report, under the supervision of Professor Andrew Karolyi.

Appendix I: Purchase Transactions from July 1, 2004 to June 30, 2005

TRADE DATE	SETTLEMENT DATE	NO OF SHARES	SECURITY NAME	UNIT PRICE	TRANSACTION VALUE
24-Aug-2004	27-Aug-2004	7,000	Morgan Stanley, Dean Witter,& Co.	50.27	351,904.70
24-Aug-2004	27-Aug-2004	2,600	American Int'l Group, Inc.	70.46	183,196.00
24-Aug-2004	27-Aug-2004	10,800	Pfizer, Inc.	31.74	342,773.64
24-Aug-2004	27-Aug-2004	4,900	Alltel Corp.	53.49	262,101.00
24-Aug-2004	27-Aug-2004	3,300	Capital One Financial Corp.	70.48	232,572.12
24-Aug-2004	27-Aug-2004	2,700	UnitedHealth Group, Inc.	65.34	176,408.01
24-Aug-2004	27-Aug-2004	19,300	Allegheny Energy, Inc.	14.59	281,608.23
24-Aug-2004	27-Aug-2004	2,400	ConocoPhillips	72.79	174,696.00
24-Aug-2004	27-Aug-2004	16,800	EMC Corp.	10.91	183,355.20
24-Aug-2004	27-Aug-2004	2,800	FPL Group, Inc.	68.32	191,297.12
24-Aug-2004	27-Aug-2004	1,700	General Electric Co.	32.62	55,454.00
24-Aug-2004	27-Aug-2004	9,700	FDX Corp.	81.56	791,127.15
24-Aug-2004	27-Aug-2004	12,300	Viacom Inc., Cl. A	35.87	441,234.21
24-Aug-2004	27-Aug-2004	400	Fifth Third Bancorp	49.85	19,940.00
3-Dec-2004	8-Dec-2004	12,000	Sysco Corp.	35.75	429,000.00
3-Dec-2004	8-Dec-2004	3,600	Forest Labs, Inc.	40.19	144,684.00
3-Dec-2004	8-Dec-2004	9,000	CVS Corp.	45.95	413,550.00
3-Dec-2004	8-Dec-2004	18,500	Hewlett-Packard Co.	20.81	384,985.00
3-Dec-2004	8-Dec-2004	1,000	Fifth Third Bancorp	48.2	48,200.00
3-Dec-2004	8-Dec-2004	3,300	Alltel Corp.	58.63	193,479.00
3-Dec-2004	8-Dec-2004	1,500	Morgan Stanley, Dean Witter,& Co.	51.94	77,910.00
3-Dec-2004	8-Dec-2004	24,000	EMC Corp.	14.45	346,800.00
3-Dec-2004	8-Dec-2004	5,800	Citigroup, Inc.	45.55	264,190.00
3-Dec-2004	8-Dec-2004	18,000	Scientific Atlanta, Inc.	30.52	549,410.40
3-Dec-2004	8-Dec-2004	5,000	Amgen, Inc.	63.55	317,750.00
3-Dec-2004	8-Dec-2004	2,500	Capital One Financial Corp.	79.16	197,900.00
3-Dec-2004	8-Dec-2004	1,000	General Electric Co.	35.89	35,890.00
3-Dec-2004	8-Dec-2004	10,000	Suez-ADR	24.47	244,746.00
17-Mar-2005	22-Mar-2005	3,100	Merrill Lynch & Company, Inc.	59.2	183,520.00
17-Mar-2005	22-Mar-2005	6,400	Nabors Industries, Inc.	56.91	364,224.00
17-Mar-2005	22-Mar-2005	1,900	Amgen, Inc.	59.01	112,119.00
17-Mar-2005	22-Mar-2005	3,500	Merck & Company, Inc.	31.83	111,405.00
17-Mar-2005	22-Mar-2005	2,600	Morgan Stanley, Dean Witter,& Co.	57.14	148,574.92
17-Mar-2005	22-Mar-2005	7,100	International Paper Co.	38.45	272,995.00
17-Mar-2005	22-Mar-2005	14,400	General Electric Co.	35.46	510,624.00
17-Mar-2005	22-Mar-2005	700	Harley-Davidson, Inc.	60.2	42,140.00
17-Mar-2005	22-Mar-2005	3,400	Kerr-McGee Corp.	80.22	272,748.00
17-Mar-2005	22-Mar-2005	300	Procter & Gamble Co.	52.85	15,855.00
17-Mar-2005	22-Mar-2005	1,800	Sysco Corp.	32.95	59,310.00
17-Mar-2005	22-Mar-2005	2,100	Viacom Inc., Cl. A	37.62	79,000.95
25-May-2005	31-May-2005	2,000	American Int'l Group, Inc.	53.88	107,760.00
8-Jun-2005	13-Jun-2005	17,500	Boston Scientific Corp.	28.12	492,030.00
8-Jun-2005	13-Jun-2005	10,000	Tyco International, Ltd.	28.99	289,900.00
8-Jun-2005	13-Jun-2005	4,000	Dow Chemical Co.	45.76	183,040.00
8-Jun-2005	13-Jun-2005	5,400	Cintas Corp.	39.54	213,516.00
8-Jun-2005	13-Jun-2005	11,000	EMC Corp.	14.68	161,480.00
8-Jun-2005	13-Jun-2005	10,500	Omnicare, Inc.	38.25	401,607.15
8-Jun-2005	13-Jun-2005	1,500	Alltel Corp.	59.3	88,950.00
8-Jun-2005	13-Jun-2005	2,000	CVS Corp.	28.9	57,800.00
8-Jun-2005	13-Jun-2005	5,500	Pepsico, Inc.	55.45	304,987.10
8-Jun-2005	13-Jun-2005	2,000	Schlumberger Ltd.	70.91	141,820.00
8-Jun-2005	13-Jun-2005	9,500	Symantec Corp.	21.68	205,960.00
8-Jun-2005	13-Jun-2005	4,600	Magna Int'l - CL A	68.62	315,651.08
TOTAL TRANSACTION VALUE					12,473,178.98

Appendix II: Sale Transactions from July 1, 2004 to June 30, 2005

TRADE DATE	SETTLEMENT DATE	NO OF SHARES	SECURITY NAME	UNIT PRICE	TRANSACTION VALUE
28-Jul-2004	2-Aug-2004	3,300	Cardinal Health, Inc.	44.12	145,592.58
24-Aug-2004	27-Aug-2004	9,300	Kohl's Corp.	47.8	444,529.58
24-Aug-2004	27-Aug-2004	3,900	Boston Private Financial Holding	24.21	94,416.78
24-Aug-2004	27-Aug-2004	7,100	Medtronic, Inc.	49.9	354,281.70
24-Aug-2004	27-Aug-2004	16,200	MBNA Corp.	23.6	382,304.55
24-Aug-2004	27-Aug-2004	6,600	Ball Corp.	37.15	245,192.17
24-Aug-2004	27-Aug-2004	16,400	Network Appliance, Inc.	20.22	331,583.82
24-Aug-2004	27-Aug-2004	4,900	Dow Chemical Co.	40.71	199,474.32
24-Aug-2004	27-Aug-2004	15,300	Nextel Communications, Inc.	22.38	342,405.96
24-Aug-2004	27-Aug-2004	2,900	Microsoft Corp.	27.23	78,965.14
24-Aug-2004	27-Aug-2004	26,800	Masco Corp.	32.12	860,777.06
24-Aug-2004	27-Aug-2004	1,400	Procter & Gamble Co.	54.89	76,851.20
24-Aug-2004	27-Aug-2004	5,900	Sempra Energy	36.2	213,602.72
3-Dec-2004	8-Dec-2004	10,100	Walgreen Co.	38.66	390,456.85
3-Dec-2004	8-Dec-2004	5,900	Anheuser-Busch Companies, Inc.	50.63	298,710.00
3-Dec-2004	8-Dec-2004	24,700	Intel Corp.	24.38	602,171.87
3-Dec-2004	8-Dec-2004	11,300	Dell Inc.	41.75	471,763.94
3-Dec-2004	8-Dec-2004	1,700	ConocoPhillips	85.8	145,856.58
3-Dec-2004	8-Dec-2004	3,500	Exxon Mobil Corp.	49.65	173,770.92
3-Dec-2004	8-Dec-2004	1,900	FDX Corp.	96.87	184,048.69
3-Dec-2004	8-Dec-2004	3,100	L-3 Communications Holdings, Inc.	74.54	231,068.58
3-Dec-2004	8-Dec-2004	700	Lowe's Companies, Inc.	57.05	39,934.06
3-Dec-2004	8-Dec-2004	4,600	Microsoft Corp.	27.1	124,680.99
3-Dec-2004	8-Dec-2004	5,000	Staples, Inc.	32.62	163,096.17
3-Dec-2004	8-Dec-2004	2,200	Viacom Inc., Cl. A	37.05	81,508.09
3-Dec-2004	8-Dec-2004	15,000	J.P. Morgan, Chase & Co.	38.26	573,831.05
3-Dec-2004	8-Dec-2004	19,300	Allegheny Energy, Inc.	19.05	367,704.37
17-Mar-2005	22-Mar-2005	3,900	Alltel Corp.	55.58	216,754.86
17-Mar-2005	22-Mar-2005	3,500	Verizon Communications, Inc.	35.18	123,125.94
17-Mar-2005	22-Mar-2005	8,800	Ball Corp.	45.52	400,562.80
17-Mar-2005	22-Mar-2005	1,100	UnitedHealth Group, Inc.	91.4	100,536.69
17-Mar-2005	22-Mar-2005	900	Symantec Corp.	20.27	18,242.39
17-Mar-2005	22-Mar-2005	3,644	ConocoPhillips	107.97	393,429.72
17-Mar-2005	22-Mar-2005	9,500	Exxon Mobil Corp.	61.37	582,993.90
17-Mar-2005	22-Mar-2005	100	FDX Corp.	97.41	9,740.67
17-Mar-2005	22-Mar-2005	700	FDX Corp.	97.4	68,177.75
17-Mar-2005	22-Mar-2005	500	FDX Corp.	97.37	48,683.39
17-Mar-2005	22-Mar-2005	5,400	FPL Group, Inc.	40.35	217,882.82
18-May-2005	23-May-2005	1,144	Kerr-McGee Corp.	85	97,240.00
8-Jun-2005	13-Jun-2005	17,500	Hewlett-Packard Co.	22.36	391,283.60
8-Jun-2005	13-Jun-2005	2,800	International Paper Co.	32.83	91,929.11
8-Jun-2005	13-Jun-2005	13,000	General Electric Co.	36.86	479,159.94
8-Jun-2005	13-Jun-2005	3,000	Capital One Financial Corp.	74.84	224,523.50
8-Jun-2005	13-Jun-2005	6,400	Forest Labs, Inc.	38.41	245,813.71
8-Jun-2005	13-Jun-2005	7,600	UnitedHealth Group, Inc.	51.05	387,963.76
8-Jun-2005	13-Jun-2005	7,400	Anheuser-Busch Companies, Inc.	47.43	350,979.15
8-Jun-2005	13-Jun-2005	5,400	Lowe's Companies, Inc.	59.3	320,209.84
8-Jun-2005	13-Jun-2005	3,400	Suez-ADR	27.74	94,314.09
8-Jun-2005	13-Jun-2005	2,600	Verizon Communications, Inc.	34.99	90,970.19
8-Jun-2005	13-Jun-2005	700	Kerr-McGee Corp.	72.2	50,537.88
TOTAL TRANSACTION VALUE					12,623,635.44

Appendix III: Statement of dividends received during the period July 1, 2004 to June 30, 2005

EX DIVIDEND DATE	PAYMENT DATE	SECURITY NAME	AMOUNT
1-Jul-2004	1-Jul-2004	MBNA Corp.	1,944.00
6-Jul-2004	6-Jul-2004	Schlumberger Ltd.	562.50
7-Jul-2004	7-Jul-2004	Hewlett-Packard Co.	1,840.00
15-Jul-2004	15-Jul-2004	Cardinal Health, Inc.	99.00
15-Jul-2004	15-Jul-2004	Fifth Third Bancorp	2,144.00
15-Jul-2004	15-Jul-2004	Sempra Energy	1,475.00
26-Jul-2004	26-Jul-2004	General Electric Co.	1,820.00
30-Jul-2004	30-Jul-2004	Dow Chemical Co.	3,082.00
30-Jul-2004	30-Jul-2004	Lowe's Companies, Inc.	460.00
30-Jul-2004	30-Jul-2004	Medtronic, Inc.	594.63
2-Aug-2004	2-Aug-2004	J.P. Morgan, Chase & Co.	5,100.00
2-Aug-2004	2-Aug-2004	Verizon Communications, Inc.	2,926.00
9-Aug-2004	9-Aug-2004	Masco Corp.	4,288.00
16-Aug-2004	16-Aug-2004	Procter & Gamble Co.	3,750.00
17-Aug-2004	17-Aug-2004	Boston Private Financial Holding	234.00
20-Aug-2004	20-Aug-2004	Capital One Financial Corp.	143.96
27-Aug-2004	27-Aug-2004	Citigroup, Inc.	6,320.00
1-Sep-2004	1-Sep-2004	ConocoPhillips	1,265.92
1-Sep-2004	1-Sep-2004	Intel Corp.	988.00
3-Sep-2004	3-Sep-2004	Pfizer, Inc.	3,383.00
7-Sep-2004	7-Sep-2004	Johnson & Johnson	1,168.50
9-Sep-2004	9-Sep-2004	Anheuser-Busch Companies, Inc.	3,258.50
10-Sep-2004	10-Sep-2004	Exxon Mobil Corp.	5,886.00
13-Sep-2004	13-Sep-2004	Walgreen Co.	530.25
14-Sep-2004	14-Sep-2004	Microsoft Corp.	3,352.00
15-Sep-2004	15-Sep-2004	Ball Corp.	880.00
15-Sep-2004	15-Sep-2004	FPL Group, Inc.	2,856.00
15-Sep-2004	15-Sep-2004	L-3 Communications Holdings, Inc.	1,360.00
17-Sep-2004	17-Sep-2004	American Int'l Group, Inc.	802.50
29-Sep-2004	29-Sep-2004	Harley-Davidson, Inc.	860.00
1-Oct-2004	1-Oct-2004	FDX Corp.	679.00
1-Oct-2004	1-Oct-2004	Viacom Inc., Cl. A	738.00
4-Oct-2004	4-Oct-2004	Alltel Corp.	1,813.00
6-Oct-2004	6-Oct-2004	Hewlett-Packard Co.	1,840.00
8-Oct-2004	8-Oct-2004	Schlumberger Ltd.	562.50
14-Oct-2004	14-Oct-2004	Fifth Third Bancorp	2,272.00
25-Oct-2004	25-Oct-2004	General Electric Co.	2,160.00
29-Oct-2004	29-Oct-2004	Dow Chemical Co.	1,440.50
29-Oct-2004	29-Oct-2004	Lowe's Companies, Inc.	460.00
29-Oct-2004	29-Oct-2004	Morgan Stanley, Dean Witter, & Co.	1,750.00
1-Nov-2004	1-Nov-2004	J.P. Morgan, Chase & Co.	5,100.00
1-Nov-2004	1-Nov-2004	Verizon Communications, Inc.	2,926.00
15-Nov-2004	15-Nov-2004	Procter & Gamble Co.	3,400.00
22-Nov-2004	22-Nov-2004	Capital One Financial Corp.	231.94
24-Nov-2004	24-Nov-2004	Citigroup, Inc.	6,320.00
1-Dec-2004	1-Dec-2004	ConocoPhillips	2,672.00
1-Dec-2004	1-Dec-2004	Intel Corp.	988.00
2-Dec-2004	2-Dec-2004	Microsoft Corp.	117,000.00
2-Dec-2004	2-Dec-2004	Microsoft Corp.	3,120.00

EX DIVIDEND DATE	PAYMENT DATE	SECURITY NAME	AMOUNT
3-Dec-2004	3-Dec-2004	Pfizer, Inc.	5,219.00
7-Dec-2004	7-Dec-2004	Johnson & Johnson	1,168.50
9-Dec-2004	9-Dec-2004	Anheuser-Busch Companies, Inc.	3,258.50
10-Dec-2004	10-Dec-2004	Exxon Mobil Corp.	5,886.00
13-Dec-2004	13-Dec-2004	Walgreen Co.	530.25
15-Dec-2004	15-Dec-2004	Ball Corp.	880.00
15-Dec-2004	15-Dec-2004	FPL Group, Inc.	2,856.00
15-Dec-2004	15-Dec-2004	L-3 Communications Holdings, Inc.	1,360.00
17-Dec-2004	17-Dec-2004	American Int'l Group, Inc.	802.50
29-Dec-2004	29-Dec-2004	Harley-Davidson, Inc.	1,075.00
3-Jan-2005	3-Jan-2005	Alltel Corp.	3,116.00
3-Jan-2005	3-Jan-2005	FDX Corp.	546.00
3-Jan-2005	3-Jan-2005	Viacom Inc., Cl. A	861.00
5-Jan-2005	5-Jan-2005	Hewlett-Packard Co.	3,320.00
7-Jan-2005	7-Jan-2005	Schlumberger Ltd.	562.50
18-Jan-2005	18-Jan-2005	Fifth Third Bancorp	2,835.00
25-Jan-2005	25-Jan-2005	General Electric Co.	2,596.00
28-Jan-2005	28-Jan-2005	Dow Chemical Co.	1,440.50
28-Jan-2005	28-Jan-2005	Lowe's Companies, Inc.	432.00
28-Jan-2005	28-Jan-2005	Sysco Corp.	1,800.00
31-Jan-2005	31-Jan-2005	Morgan Stanley, Dean Witter, & Co.	2,295.00
1-Feb-2005	1-Feb-2005	Verizon Communications, Inc.	2,926.00
4-Feb-2005	4-Feb-2005	CVS Corp.	652.50
15-Feb-2005	15-Feb-2005	Procter & Gamble Co.	3,400.00
22-Feb-2005	22-Feb-2005	Capital One Financial Corp.	298.67
25-Feb-2005	25-Feb-2005	Citigroup, Inc.	9,504.00
1-Mar-2005	1-Mar-2005	ConocoPhillips	1,822.00
8-Mar-2005	8-Mar-2005	Johnson & Johnson	1,168.50
8-Mar-2005	8-Mar-2005	Pfizer, Inc.	5,833.00
9-Mar-2005	9-Mar-2005	Anheuser-Busch Companies, Inc.	1,813.00
10-Mar-2005	10-Mar-2005	Microsoft Corp.	2,752.00
10-Mar-2005	10-Mar-2005	Exxon Mobil Corp.	4,941.00
15-Mar-2005	15-Mar-2005	Ball Corp.	880.00
15-Mar-2005	15-Mar-2005	FPL Group, Inc.	2,982.00
15-Mar-2005	15-Mar-2005	L-3 Communications Holdings, Inc.	1,312.50
18-Mar-2005	18-Mar-2005	American Int'l Group, Inc.	1,337.50
18-Mar-2005	18-Mar-2005	Scientific Atlanta, Inc.	180.00
25-Mar-2005	25-Mar-2005	Harley-Davidson, Inc.	1,075.00
1-Apr-2005	1-Apr-2005	FDX Corp.	546.00
1-Apr-2005	1-Apr-2005	Viacom Inc., Cl. A	707.00
4-Apr-2005	4-Apr-2005	Alltel Corp.	3,116.00
7-Apr-2005	7-Apr-2005	Hewlett-Packard Co.	3,320.00
8-Apr-2005	8-Apr-2005	Schlumberger Ltd.	630.00
14-Apr-2005	14-Apr-2005	Fifth Third Bancorp	2,835.00
14-Apr-2005	14-Apr-2005	Staples, Inc.	3,350.00
18-Apr-2005	18-Apr-2005	UnitedHealth Group, Inc.	228.00
22-Apr-2005	22-Apr-2005	Sysco Corp.	2,070.00
25-Apr-2005	25-Apr-2005	General Electric Co.	2,596.00
29-Apr-2005	29-Apr-2005	Dow Chemical Co.	1,440.50

EX DIVIDEND DATE	PAYMENT DATE	SECURITY NAME	AMOUNT
29-Apr-2005	29-Apr-2005	Lowe's Companies, Inc.	432.00
29-Apr-2005	29-Apr-2005	Morgan Stanley, Dean Witter, & Co.	2,997.00
2-May-2005	2-May-2005	CVS Corp.	652.50
2-May-2005	2-May-2005	Verizon Communications, Inc.	1,660.50
16-May-2005	16-May-2005	Procter & Gamble Co.	3,892.00
20-May-2005	20-May-2005	Capital One Financial Corp.	298.59
25-May-2005	25-May-2005	Merrill Lynch & Company, Inc.	620.00
26-May-2005	26-May-2005	Suez-ADR	7,557.60
27-May-2005	27-May-2005	Citigroup, Inc.	9,504.00
7-Jun-2005	7-Jun-2005	Johnson & Johnson	1,353.00
7-Jun-2005	7-Jun-2005	Pfizer, Inc.	5,833.00
9-Jun-2005	9-Jun-2005	Anheuser-Busch Companies, Inc.	1,813.00
9-Jun-2005	9-Jun-2005	Microsoft Corp.	2,752.00
10-Jun-2005	10-Jun-2005	Exxon Mobil Corp.	2,552.00
15-Jun-2005	15-Jun-2005	FPL Group, Inc.	1,065.00
15-Jun-2005	15-Jun-2005	International Paper Co.	1,775.00
15-Jun-2005	15-Jun-2005	L-3 Communications Holdings, Inc.	1,312.50
15-Jun-2005	15-Jun-2005	Scientific Atlanta, Inc.	180.00
17-Jun-2005	17-Jun-2005	American Int'l Group, Inc.	1,587.50
24-Jun-2005	24-Jun-2005	Harley-Davidson, Inc.	1,488.00
		TOTAL VALUE	374,727.81

Appendix IV: Statement of interest received during the period July 1, 2004 to June 30, 2005

LAST ACCRUED DATE	PAYMENT DATE	SECURITY NAME	AMOUNT
1-Jul-2004	1-Jul-2004	SSGA Gov't Fund Money Market	133.12
1-Jul-2004	1-Jul-2004	SSGA Gov't Fund Money Market	(13.38)
2-Aug-2004	2-Aug-2004	SSGA Gov't Fund Money Market	107.44
1-Sep-2004	1-Sep-2004	SSGA Gov't Fund Money Market	260.50
1-Oct-2004	1-Oct-2004	SSGA Gov't Fund Money Market	227.67
1-Nov-2004	1-Nov-2004	SSGA Gov't Fund Money Market	266.05
1-Dec-2004	1-Dec-2004	SSGA Gov't Fund Money Market	292.72
3-Jan-2005	3-Jan-2005	SSGA Gov't Fund Money Market	578.77
1-Feb-2005	1-Feb-2005	SSGA Gov't Fund Money Market	689.25
2-Mar-2005	2-Mar-2005	SSGA Gov't Fund Money Market	684.74
1-Apr-2005	1-Apr-2005	SSGA Gov't Fund Money Market	817.78
1-Jun-2005	1-Jun-2005	SSGA Gov't Fund Money Market	1,017.36
TOTAL VALUE			5,942.19

Appendix V: Statement of management fees during the period July 1, 2004 to June 30, 2005

DATE	FEE AMOUNT
30-Sep-2004	22,966.00
31-Dec-2004	22,817.00
31-Mar-2005	24,428.00
30-Jun-2005	23,667.00
TOTAL	93,878.00

Appendix VI: Rosenfield Prize for Excellence in Security Analysis, July 1, 2004 to June 30, 2005

Quarter	Winners and Reports
Summer 2004	Winner: Bhavik Kothari (JP Morgan)
	Runner Up: Jacob Clark (Microsoft)
Fall 2004	Winner: Brandon Seibert (Citigroup)
	Runner up: Derek Smith (Capital One)
Winter 2005	Winner: Jacob Seegers (Ball Corporation)
	Runner up: Antonio Ferraro (International Paper)
Spring 2005	Winner: Doug Harvey (Shlumberger)
	Runner up (tie): Lie Rudy Priyetna (Hewlett-Packard)

Participating judges: Professor Andrew Karolyi, Jack Rosenfield, Dan Rosenfield, Shawn Browning, Kevin Spellman, Bhavik Kothari, Jason Downey, Tom Dent and Royce West.