

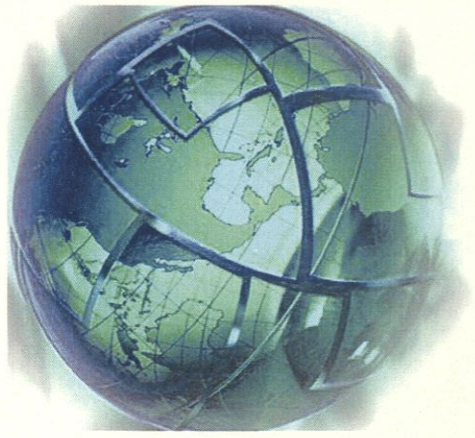


**SOUTHWESTERN UNIVERSITY**

---

# **FINANCIAL ANALYST PROGRAM**

**2003 Summary Annual Report**



## TABLE OF CONTENTS

About the Program.....	2
Market 2003: In Review.....	3
Economic Summary.....	5
Portfolio Strategy.....	6
Portfolio Objectives.....	7
Portfolio Activity .....	8
Performance .....	9
Portfolio Financial Statements	
1 <sup>st</sup> Quarter.....	10
2 <sup>nd</sup> Quarter.....	11
3 <sup>rd</sup> Quarter.....	12
4 <sup>th</sup> Quarter .....	13
Appendix A: Sharpe and Treynor Estimates .....	14
Portfolio Managers & Director .....	15
	1



## ABOUT THE PROGRAM

The investment fund (Fund) is actively managed by Student Portfolio Managers (Managers) under the guidance and advice of the faculty in the Department of Economics and Business. The Fund provides an opportunity for a small group of exceptional students to work closely with faculty and other investment professionals to develop their financial and accounting skills. The program also gives students real-world experience in constructing, monitoring, and managing a live investment portfolio. The Managers are selected by the Financial Analyst Program committee on a competitive basis. The criteria considered include career objectives, previous academic performance, related work experience, and application.

The Managers of the Fund seek the highest level of return, while assuming risks similar to those of the Standard and Poor's 500 Index. Managers will also recommend a targeted portfolio of stocks from a broad set of industries. The Fund seeks capital growth through securities that meet the fundamental and technical specifications adopted by the managers.

## MARKET 2003: IN REVIEW

As 2003 opened there were worries the stock market would record its fourth year of consecutive loss. A weak economy and political uncertainty scared investors away. Fear of further terrorist attacks and anticipation of Gulf War II drug U.S. equities down despite attractive valuations. Consumer confidence was also low. The blurred economic picture sidetracked investors' focus on stock fundamentals. The Conference Board reported its consumer confidence index hit a 10 year low in March.

Bad news in early 2003 turned out to be good news in disguise. Just as consumer confidence bottomed out, the economy gained momentum. There were many factors that spearheaded the recovery:

- Early pessimistic views regarding the year's outlook swayed investors away from securities and caged demand for stocks. The successful initial campaign to defeat Saddam Hussein in Iraq lifted some uncertainty and the stock market rallied.
- Expectations for strong economic growth rose and corporations released strong profits. Intense cost cutting, high productivity, and capital spending accelerated corporate profits. In the third quarter, profits (measured by the Commerce Department's National Income and Product Accounts) rose 30% from the previous year, showing the largest increase since 1984.
- The Federal Reserve committed to keeping interest rates at their lowest mark in 45 years (1%). Homeowners jumped at the opportunity to reduce mortgage payments and refinancing boomed. The reduced payments created more discretionary income to invest in the stock market.
- President Bush's tax cuts on capital gains and dividends spurred investment. The \$350 million dollar tax-cut package included a 15% maximum tax rate on qualified dividends and capital gains on assets held more than one year until 2009.
- The weak dollar caused an increase in U.S. exports. Manufacturing products became more competitive in the global market. The U.S. dollar began the year at 104 Euros and then fell by almost 20% to 1.26 Euros by the end of 2003. At the end of 2003, the NASDAQ, Dow Jones, and S&P 500 each reported gains.



## MARKET 2003: IN REVIEW

The NASDAQ experienced its largest gain since 1999 increasing 50.01% for the year. Since its March 11<sup>th</sup> low, it is up 57.6% for the year. Despite the large 2003 gains, the NASDAQ was still trading 60% below its March 2000 all-time high. Impressively, 85% of its listed companies recorded positive gains. In contrast to the 2000 tech bubble burst, tech companies showed both operating efficiencies and tangible earnings. The NASDAQ will enter 2004 in a bull market. The extended gains above its 50-day moving average signify its intense rallies.

The Dow Jones Industrial Average gained 28.28% during 2003. On Thursday December 11, the DOW raised above 10,000 points, the first time in 18 months. It finished the year closing at 10,453.92. The S&P 500 performed slightly better than the DOW. The S&P 500 gained 28.7% for the year. Large cap stocks were not as favorable in 2003. Investors used the surging market conditions to their advantage and sought higher returns. A higher risk tolerance forced money into the technology sectors as more risky investments proved most profitable.

## ECONOMIC SUMMARY

Early in 2003, economic growth was constrained by uncertainty in Iraq. GDP grew slowly as employment declined. The manufacturing sector battled Chinese imports and growing fiscal and trade deficits caused the United States dollar to depreciate. Other than consumer spending and the housing market there were few positive signs of growth. In mid 2003, the struggling recovery took hold and the economy began to grow.

In late May, Washington passed President Bush's proposed tax cuts. The "Jobs and Growth Tax Relief Reconciliation Act" provided \$350 million dollars in tax cuts and tax incentives to investors. Consumers had more money to put back into the economy. Both the manufacturing and services sectors grew. Capital spending also increased due to rising profits. Corporate confidence increased as balance sheets were restored.

The Federal Open Market Committee also aided economic growth. The FOMC cut the target Federal Funds lending rate to a record low 1% and intends to keep it there for a "considerable period". Keeping the benchmark rate low helped avoid damaging deflation. As a result the yield curve steepened in hopes the monetary and fiscal stimulus would lead to economic growth and eventually inflationary pressure.

Definite signs of strong economic growth appeared after the third quarter. Gross Domestic Product (GDP) increased an amazing 8.2%, the largest gain in almost 20 years. Most of the growth stemmed from the housing and consumer sectors and renewed growth in business investment. The depreciation of the dollar was also a factor as demand for exports increased.

Strong productivity gains hampered unemployment rates for most of 2003. Worker productivity grew 9%, which increased profits and kept inflation low. Late in the year though, the labor market improved. After years of stockpile depletion, inventory rebuilding picked up. Current worker productivity reached its max and new workers were demanded. The pick-up in employment caused increases in consumer sentiment. These increases supported present consumer spending. Many think the employment numbers are lagging the earlier stimulus package and will increase as 2004 begins.



## PORTFOLIO STRATEGY

The Fund follows the investment guidelines of the equity funds of Southwestern University's Endowment Funds: to preserve and expand the purchasing power relative to inflation for the future of Southwestern University.

Additional objectives of this Fund are as follows:

- The Fund attempts to assume risks similar to those of the Standard and Poor's 500 Index (S&P 500). Meaning, the Fund strives for a high return correlation with its benchmark, the S&P 500. Thus, the Fund attempts to maintain a beta near 1.00.
- The Fund seeks to realize the highest level of return, consistent with its benchmark's risk level.
- The Fund seeks a turnover rate of less than 100%. The Fund needs a healthy rate of turnover to achieve its goal of capital growth, but excessive turnover violates the Fund's long-term appreciation strategy and diminishes returns incurred with transaction costs.
- The Fund attempts to achieve above average risk-adjusted returns based on the Sharpe and Treynor performance ratios. Positive risk-adjusted returns in both of these measures reflect superior results; therefore, the risk-adjusted returns of each measure should be higher than the S&P 500 risk-adjusted return.
- The Fund helps the Managers gain valuable experience in creating and maintaining a portfolio and developing financial analysis skills in a real world situation.

## PORTFOLIO OBJECTIVES

The objectives of the Fund involve risk-exposure, capital growth, portfolio turnover, and managerial experience.

- The Fund purchases common stock issues of publicly held corporations, with large market capitalization.
- The most critical strategy is the fundamental analysis of potential stocks. The Managers examine the financial health of the company, looking for companies with growth potential, strong current liquidity, and undervaluation. Through these examinations the Managers find innovative business models that indicate exceptional growth potential.
- The investment strategy requires detailed economic analysis to identify investment opportunities based on the overall economy. This analysis leads to allocation decisions into cyclical industries or overall growth trends in the economy.
- Technical analysis plays an important role in the selection of equities. Fund managers study historical price patterns of stocks to determine buy and sell points.
- The Managers monitor currently held stocks and industries to avoid excessive losses and to identify opportunities to accumulate gains from positively performing industries. The Managers set sell points, which adjust to market conditions to realize profits on successful stocks and minimize losses.



## PORTFOLIO ACTIVITY

Company Name	Ticker	Date	# Shares	Bought	Total Outlay	Transaction Commission	Net Investment
Varian Medical Systems	VAR	2/21/2003	190	B	\$9,743.20	\$19.00	\$9,762.20
Ebay Inc	EBAY	3/3/2003	65	B	\$5,116.80	\$6.50	\$5,123.30
Open Text Corp	OTEX	3/3/2003	170	B	\$4,839.90	\$17.00	\$4,856.90
Open Text Corp	OTEX	4/22/2003	160	B	\$5,432.00	\$16.00	\$5,448.00

Company Name	Ticker	Date	# Shares	Sold	Total Proceeds	Transaction Commission	Net Proceeds
Intel Corp.	INTC	1/17/2003	40	S	\$615.60	\$0.00	\$615.60
Altria Group Inc	MO	3/18/2003	250	S	\$8,125.00	\$50.25	\$8,074.75
Bemis Inc	BMS	4/10/2003	180	S	\$7,772.40	\$18.37	\$7,754.03
Symantec Corp	SYMC	4/10/2003	260	S	\$9,796.80	\$26.46	\$9,770.34
Applebees International	APFB	11/18/2003	150	S	\$5,604.00	\$15.27	\$5,588.73
International Game Technology	IGT	11/18/2003	100	S	\$3,260.00	\$10.16	\$3,249.84
Ebay	EBAY	11/24/2003	130	S	\$6,962.48	\$13.01	\$6,949.47
Corinthian Colleges	COCO	12/8/2003	100	S	\$5,726.10	\$10.27	\$5,715.83
ITT Educational Services	ESI	12/8/2003	100	S	\$4,796.00	\$10.23	\$4,785.77
Corinthian Colleges	COCO	12/10/2003	150	S	\$8,109.15	\$15.38	\$8,093.77

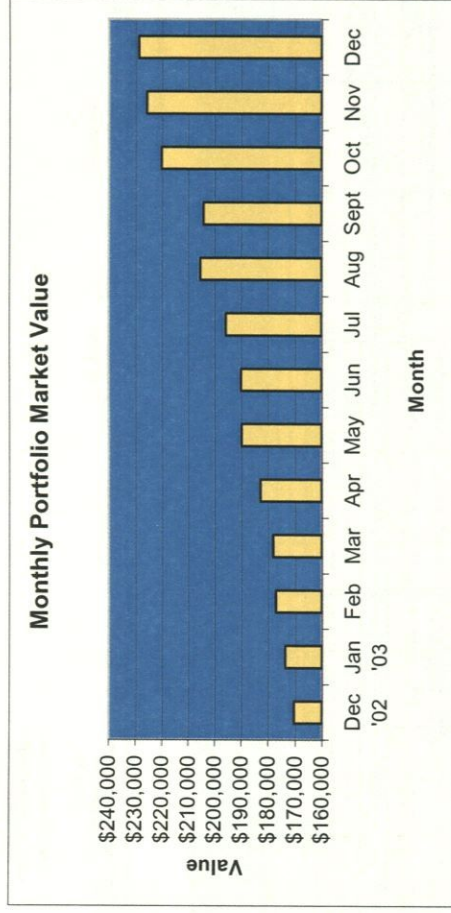
### Stock Dividends & Stock Splits

Company Name	Ticker	Date	# Shares	Capital Change
International Game Technology	IGT	7/3/2003	375	400% Stock Split
Ebay Inc	EBAY	8/29/2003	65	100% Stock Split
Open Text Corp	OTEX	10/29/2003	330	100% Stock Split

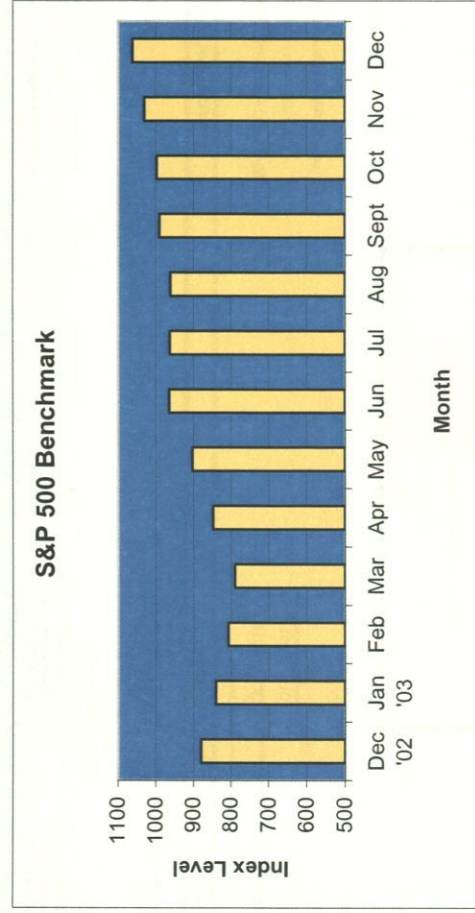


## PERFORMANCE

Month Ending	Portfolio Value	% Change
December '02	170,619.56	-
January '03	173,762.67	1.84%
February	177,312.08	2.04%
March	178,201.52	0.50%
April	182,880.35	2.63%
May	189,924.64	3.85%
June	190,060.59	0.07%
July	195,795.96	3.02%
August	205,420.58	4.92%
September	204,310.65	-0.54%
October	220,210.81	7.78%
November	225,876.35	2.57%
December	228,823.29	1.30%
<b>12 Month Average</b>	<b>195630.70</b>	<b>2.50%</b>
<b>Total Gain/Loss</b>	<b>34.11</b>	



Month Ending	S&P 500 Close	% Change
December '02	879.82	-
January '03	840.31	-4.49%
February	806.31	-4.05%
March	788.90	-2.16%
April	847.81	7.47%
May	902.82	6.49%
June	964.46	6.83%
July	962.10	-0.24%
August	960.82	-0.13%
September	990.34	3.07%
October	997.15	0.69%
November	1031.24	3.42%
December	1061.89	2.97%
<b>12 Month Average</b>	<b>925.69</b>	<b>1.66%</b>
<b>Total Gain/Loss</b>	<b>20.69</b>	





# FINANCIAL STATEMENTS

1st Quarter 2003  
Ending March 31, 2003

	Date	No. Shares	Per Share Cost	Cost	Per Share Market	Market	Dividend	Broker Fees	Realized Gain/Loss	% Realized	Unrealized Gain/Loss	% Unrealized
Cash and Cash Equivalents				\$61,201.09		\$61,201.09						
Current Period Accrued Income				439.19		439.19						
<b>Equities:</b>												
Anheuser Busch	3/10/2003	200	\$43.09	\$8,668.00	\$46.61	\$9,322.00	.195/share	\$50.00			\$654.00	7.54%
Apache	2/21/2003	187	60.25	11,316.76	61.74	11,545.38	.100/share	50.01			228.62	2.02%
Applesbee Intl.	1/30/2003	450	34.74	15,683.00	28.04	12,618.00	.060/share	50.00			(3,065.00)	-19.54%
Bed, Bath & Beyond		300	32.76	9,878.01	34.54	10,362.00	.280/share	50.01			483.99	4.90%
Bemis	3/3/2003	180	54.86	9,924.80	42.06	7,570.80		50.00			(2,354.00)	-23.72%
Corinthian Colleges Inc.		250	39.68	9,945.00	39.50	9,875.00		25.00			(70.00)	-0.70%
Elway	3/6/2003	65	78.72	5,123.30	85.31	5,545.15		6.50			421.85	8.23%
Intel Corp.	1/17/2003	40	60.36	2,414.20	15.39	615.60		0.00	-1,798.60	-74.50%		
International Gaming Technology		125	48.40	6,100.00	81.30	10,237.50		50.00			4,137.50	67.83%
ITT Educational Services		300	16.60	5,010.20	28.00	8,400.00		30.20			3,389.80	67.66%
Open Text	3/6/2003	170	28.47	4,856.30	27.83	4,731.10		17.00			(125.80)	-2.59%
Phillip Morris	3/18/2003	250	49.02	12,305.25	32.50	8,125.00	.64/share	50.25	(4,180.25)	-33.97%		
Symantec Corp.		260	37.96	9,918.83	39.18	10,186.80		50.01			267.97	2.70%
Syco	1/24/2003	250	18.41	4,653.13	25.44	6,360.00	.110/share	50.00			1,706.88	36.68%
Varian Medical Systems	2/26/2003	190	51.28	9,762.20	53.93	10,246.70		19.00			484.50	4.96%
<b>Total Common Stock</b>				<b>110,840.13</b>		<b>117,000.43</b>			<b>-5978.85</b>	<b>-0.053941206</b>	<b>6,160.31</b>	<b>5.56%</b>
<b>Net Assets</b>				<b>165,652.10</b>		<b>178,201.52</b>						
<b>Total Assets</b>				<b>\$165,652.10</b>		<b>\$178,201.52</b>						

### RETURN ON INVESTMENT

Beginning Total Assets (12/31/02) \$170,619.56  
Ending Total Assets (3/31/03) 178,201.52  
% Change from previous quarter 4.44%

Legend	= Sold
	= Dividend
	= New # of shares after sale
	= Split
	= Purchase

Net Assets \$165,652.10  
Change from previous quarter 0.29%



# FINANCIAL STATEMENTS

2nd Quarter 2003

Ending June 30, 2003

	Date	No. Shares	Per Share Market	Cost	Per Share Cost	Market	Dividend	Broker Fees	Realized Gain/Loss	% Realized	Unrealized Gain/Loss	% Unrealized
<b>Cash and Cash Equivalents</b>				\$0.00		\$0.00						
<b>Current Period Accrued Income</b>				220.20		220.20						
<b>Equities:</b>												
Anheuser Busch	6/9/2003	200	\$43.09	\$8,668.00	\$51.10	\$10,220.00	.195/share	\$50.00			\$1,552.00	17.90%
Apache	5/22/2003	196	60.25	11,859.01	65.06	12,751.76	.100/share	50.01			892.75	7.53%
Applebee's Intl.		450	34.74	15,683.00	31.43	14,143.50		50.00			(1,539.50)	-9.82%
Bed, Bath & Beyond		300	32.76	9,878.01	38.82	11,646.00		50.01			1,767.99	17.90%
Bemis	4/10/2003	180	54.86	9,893.17	43.18	7,772.40		18.37	(2,120.77)	-21.44%		
Corinthian Colleges Inc.		250	39.68	9,945.00	48.31	12,077.50		25.00			2,132.50	21.44%
Ebay		65	78.72	5,123.30	104.00	6,760.00		6.50			1,636.70	31.95%
Federated Max Cap Fund	6/25/2003	3,696,586	19.93	73,672.96	19.72	72,896.68		0.00			(538.18)	-0.73%
Federated Max Cap Fund	4/2/2003	12,074	0.00	0.00	19.72	238.10	.065/share	0.00				
International Gaming Technology		125	48.40	6,100.00	102.33	12,791.25		50.00			6,691.25	109.69%
ITT Educational Services		300	16.60	5,010.20	29.25	8,775.00		30.20			3,764.80	75.14%
Open Text		170	28.47	4,836.90	28.25	4,802.50		17.00			(54.40)	-1.12%
Open Text	4/25/2003	160	33.95	5,448.00	28.25	4,520.00		16.00			(928.00)	-17.03%
Symantec Corp.	4/10/2003	260	37.96	9,895.28	37.68	9,796.80		26.46	(98.48)	-1.00%		
SySCO	4/25/2003	250	18.41	4,653.13	30.04	7,510.00	.110/share	50.00			2,856.88	61.40%
Varian Medical Systems		190	51.28	9,762.20	57.57	10,938.30		19.00	(2,219.25)	-1.35%	1,176.10	12.05%
<b>Total Common Stock</b>				<b>164,000.18</b>		<b>190,060.59</b>						
<b>Net Assets</b>				<b>164,000.18</b>		<b>190,060.59</b>						
<b>Total Assets</b>				<b>\$164,000.18</b>		<b>\$190,060.59</b>						

### RETURN ON INVESTMENT

Beginning Total Assets (03/31/03) \$178,201.52  
 Ending Total Assets (6/30/03) 190,060.59  
 % Change from previous quarter 6.65%

-18.00%

-4.97%

Color	Legend
Yellow	= Sold
Green	= Dividend
Orange	= New # of shares after sale
Light Blue	= Split
Light Green	= Purchase



# FINANCIAL STATEMENTS

3rd Quarter 2003  
Ending September 30, 2003

	Date	No. Shares	Per Share Cost	Cost	Per Share Market	Market	Dividend	Broker Fees	Realized Gain/Loss	% Realized	Unrealized Gain/Loss	% Unrealized
<b>Cash and Cash Equivalents</b>												
Current Period Accrued Income				\$161.25		\$161.25						
<b>Equities:</b>												
Anheuser Busch	9/9/2003	200	\$43.09	\$8,668.00	\$43.34	\$8,668.00	.22/share	\$50.00			\$1,200.00	13.84%
Apache	8/22/2003	196	60.25	11,859.01	69.34	13,590.64	.100/share	50.01			1,731.63	14.60%
Applebee's Intl.		450	34.74	15,683.00	31.48	14,166.00		30.00			(1,517.00)	-9.67%
Bed, Bath & Beyond		300	32.76	9,878.01	38.27	11,481.00		50.01			1,602.99	16.23%
Corinthian Colleges Inc.		250	39.68	9,945.00	57.11	14,277.50		25.00			4,332.50	43.56%
Ebay	8/29/2003	130	55.41	7,209.80	53.64	6,973.20		6.50			(236.60)	-3.28%
Federated Max Cap Fund		3708.66	19.87	73,672.98	20.15	74,729.50		0.00			1,056.52	1.43%
Federated Max Cap Fund	9/26/2003	12,782	0.00	0.00	20.15	257.56	.072/share	0.00			257.56	
International Gaming Technology	7/3/2003	500	25.67	12,885.00	28.15	14,075.00	.075/share	50.00			1,190.00	9.24%
ITT Educational Services		300	16.60	5,010.20	47.92	14,376.00		30.20			9,365.80	186.93%
Open Text		330	31.23	10,321.58	34.11	11,256.30		17.00			934.72	9.06%
Syco	7/25/2003	250	18.41	4,653.13	32.71	8,177.50	.110/share	50.00			3,524.38	75.74%
Varian Medical Systems		190	51.28	9,762.20	57.48	10,921.20		19.00			1,159.00	11.87%
<b>Total Common Stock</b>				<b>179,547.90</b>		<b>204,149.40</b>			<b>0.00</b>	<b>0.00%</b>	<b>24,601.50</b>	<b>13.70%</b>
<b>Net Assets</b>				<b>164,428.45</b>		<b>204,310.65</b>						
<b>Total Assets</b>				<b>\$164,428.45</b>		<b>\$204,310.65</b>						
<b>RETURN ON INVESTMENT</b>												
Beginning Total Assets (06/30/03)				\$164,000.18		\$190,000.59						
Ending Total Assets (09/30/03)				164,428.45		204,310.65						
% Change from previous quarter				0.26%		7.50%						

Color	Legend
Yellow	= Sold
Green	= Dividend
Orange	= New # of shares after sale
Light Blue	= Split
Dark Blue	= Purchase



# FINANCIAL STATEMENTS

4th Quarter 2003  
Ending December 31, 2003

	Date	No. Shares	Per Share Cost	Cost	Per Share Market	Market	Dividend	Broker Fees	Realized Gain/Loss	% Realized	Unrealized Gain/Loss	% Unrealized
Cash and Cash Equivalents				\$54,731.65		\$54,731.65						
Current Period Accrued Income				136.05		136.05						
Equities:												
Anheuser-Busch	10/9/2003	200	\$43.09	\$8,668.00	\$52.68	\$10,536.00	.22/share	\$50.00			\$1,868.00	21.55%
Apache	11/21/2003	196	60.25	11,859.01	81.10	15,895.60	.12/share	50.01			4,036.59	34.04%
Applebee's Intl.		300	34.74	10,472.00	39.34	11,802.00		50.00			1,330.00	12.70%
Applebees Intl.	11/21/2003	150	34.74	5,236.27	37.36	5,604.00		15.27	377.73	7.23%		
Bed, Bath & Beyond		300	32.76	9,878.01	43.35	13,005.00		50.01			3,126.99	31.66%
Corinthian Colleges Inc.	12/15/2003	150	39.68	5,967.38	54.06	8,109.15		15.38	2,141.77	35.89%		
Corinthian Colleges Inc.	12/11/2003	100	39.68	3,978.27	37.26	5,726.10		10.27	1,747.83	43.93%		
Ebay	11/28/2003	130	55.41	7,216.63	55.56	6,962.80		13.33	-253.83	-3.52%		
Federated Max Cap Fund	12/30/2003	3721.442	19.80	73,672.98	22.51	83,769.66	.083/share	0.00			10,096.68	13.70%
Federated Max Cap Fund	12/30/2003	13,952	0.00	0.00	22.51	314.06		0.00			314.06	
International Gaming Technology	10/14/2003	400	25.67	10,268.00	35.70	14,280.00	.100/share	50.00			3,962.00	38.40%
International Gaming Technology	11/21/2003	100	25.67	2,577.16	32.60	3,260.00	.100/share	10.16	682.84	26.50%		
ITT Educational Services		200	16.60	3,350.20	46.97	9,394.00		36.20			6,043.80	180.40%
ITT Educational Services	12/11/2003	100	16.60	1,670.23	47.96	4,796.00		10.23	3,125.77	187.15%		
Open Text	10/29/2003	660	20.09	13,276.40	19.17	12,652.20		17.00			(624.20)	-4.70%
Sysco	10/24/2003	250	18.4125	4,653.13	37.23	9,307.50	.11/share	50.00			4,654.38	100.03%
Varian Medical System		190	51.28	9,762.20	69.100	13,129.00		19.00			3,366.80	34.43%
Total Common Stock				155,909.92		194,085.02			7,822.11	5.02%	34,808.30	22.33%
Net Assets				177,870.20		228,832.29						
Total Assets				\$177,870.20		\$228,832.29						

### RETURN ON INVESTMENT

Beginning Total Assets (09/30/03) \$204,310.65  
Ending Total Assets (12/31/03) 228,832.29  
% Change from previous quarter 12.00%

**LEGEND**

- = Sold
- = Dividend
- = New # of shares after sale
- = Split
- = Purchase



**APPENDIX A: SHARPE & TREYNOR ESTIMATES**

Month Ending	Portfolio Return Less Risk Free Rate	S&P 500 Return Less Risk Free Rate	Risk-Free Rate 1-Month T-Bill Rate
January '03	1.74%	-2.84%	0.10%
February	1.95%	-1.79%	0.09%
March	0.40%	0.74%	0.10%
April	2.54%	8.01%	0.09%
May	3.76%	5.00%	0.09%
June	-0.03%	1.03%	0.10%
July	2.95%	1.55%	0.07%
August	12.26%	9.86%	0.07%
September	-0.62%	-1.27%	0.08%
October	7.71%	5.43%	0.07%
November	2.49%	0.63%	0.08%
December	1.22%	5.00%	0.08%
<b>12 Month Average</b>	<b>3.03%</b>	<b>2.61%</b>	<b>0.09%</b>

**Beta Function**

1.00

**Standard Deviation of  
Portfolio Returns**

4.00

**Sharpe Risk-Adjusted  
Performance**

0.84%

(Portfolio Return-Risk Free Rate)  
Standard Deviation of Returns

**Treynor Risk-Adjusted  
Performance**

3.34%

(Portfolio Return-Risk Free Rate)  
Beta Function

The Sharpe Risk-Adjusted Performance measures of .84% and .65% show that the Fund's risk-adjusted returns outperformed the market, as well as the Risk-Free Treasury Bill Rate. The Fund had a risk-premium return per unit of systematic risk of 3.34%, compared to the S&P 500's 2.61%, according to the Treynor Risk-Adjusted Performance measure. The Fund maintained superior risk-adjusted performance in 2003.

## PORTFOLIO MANAGERS

### Lindsay Cree: Trader

*Business Major, Economics Minor*

The primary responsibility of the trader is to act as a liaison between the FAP and the Business Office. The trader is responsible for securing transaction authorizations and turning them into the Business Office. The trader must also keep track of buy/sell points assigned to each stock, and make sure those trades happen in an appropriate amount of time.

### Emily Latour: Public Relations

*Arts Management Major*

The public relations officer is responsible for creating weekly agendas, providing email reminders, updating the brochure, editing and designing the annual report, and planning any recreational activities for the group. The public relations officer is also in charge of the promotion of the FAP to juniors who may be interested in applying.

### Justin Westmoreland: Accountant

*Business Major*

The accountant is responsible for maintaining updated monthly records/spreadsheets of the portfolio standing. Each month, upon receiving the monthly statement, the accountant must update the spreadsheet for purchases and sales that have occurred in that month, while accounting for interest, commissions, etc.



## PORTFOLIO MANAGERS

### Chad Wiley: Computer Technician

*Business Major, Economics Minor*

The duties of the computer analyst include keeping forms and files used in the program organized and easily accessible to the group. The computer analyst maintains the office computer and keeps the website up-to-date.

### Bobby Yamanaka: Portfolio Manager

*Business Major, Spanish Major*

The portfolio manager reduces the risk of the portfolio through the diversification of securities. The portfolio manager makes sure that stocks add diversity to the fund by either adding exposure to new industries or by trying to lower the overall beta of the fund.

## PORTFOLIO MANAGERS & DIRECTOR

### Financial Analyst Program - Student Portfolio Managers

#### January - May 2003

Michael Dunleavy  
Matt Dean  
Jennifer Hernandez  
Linda Lim  
Mark Stoner  
Kelli Waldrop  
Scott Vandigriff

#### May - December 2004

Lindsay Cree  
Emily Latour  
Justin Westmoreland  
Chad Wiley  
Bobby Yamanaka



L-R: Bobby Yamanaka, Emily Latour, Justin Westmoreland, Lindsay Cree, Chad Wiley

#### Director: Dr. A.J. Senchack

A.J. Senchack, founding director of the Financial Analyst Program, joined the faculty of Southwestern University's Department of Business and Economics in 1998. He currently holds the Lucy King Brown chair in International Business. Dr. Senchack teaches Foundations of Business, Financial Statement Analysis, Investments, and International Business. Before coming to Southwestern, Dr. Senchack taught at the University of Texas - Austin for twenty-five years, and is responsible for creating the Financial Analyst Program at UT. He received his undergraduate degree in Engineering, his MBA from Texas Tech University and his Doctorate in Finance from the University of California - Los Angeles.

