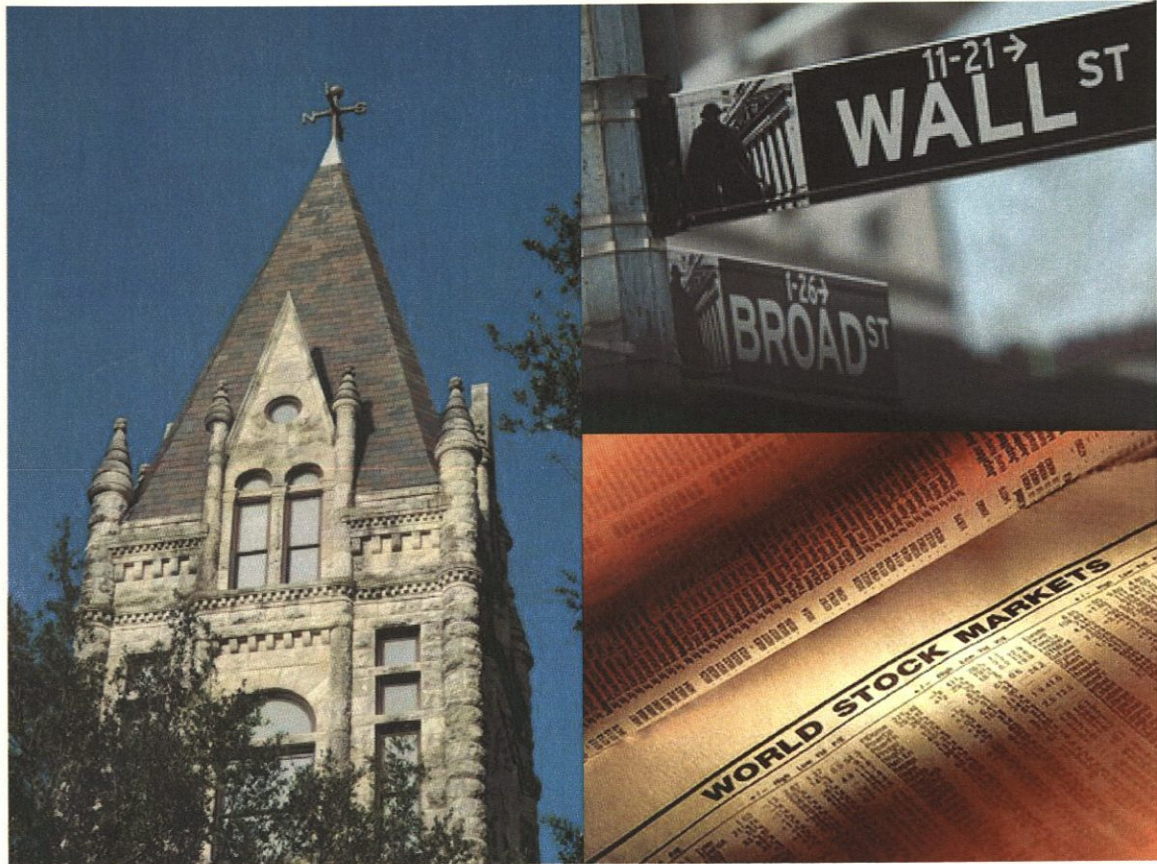
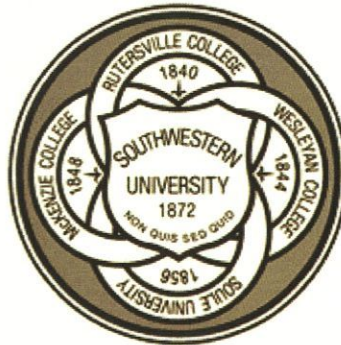
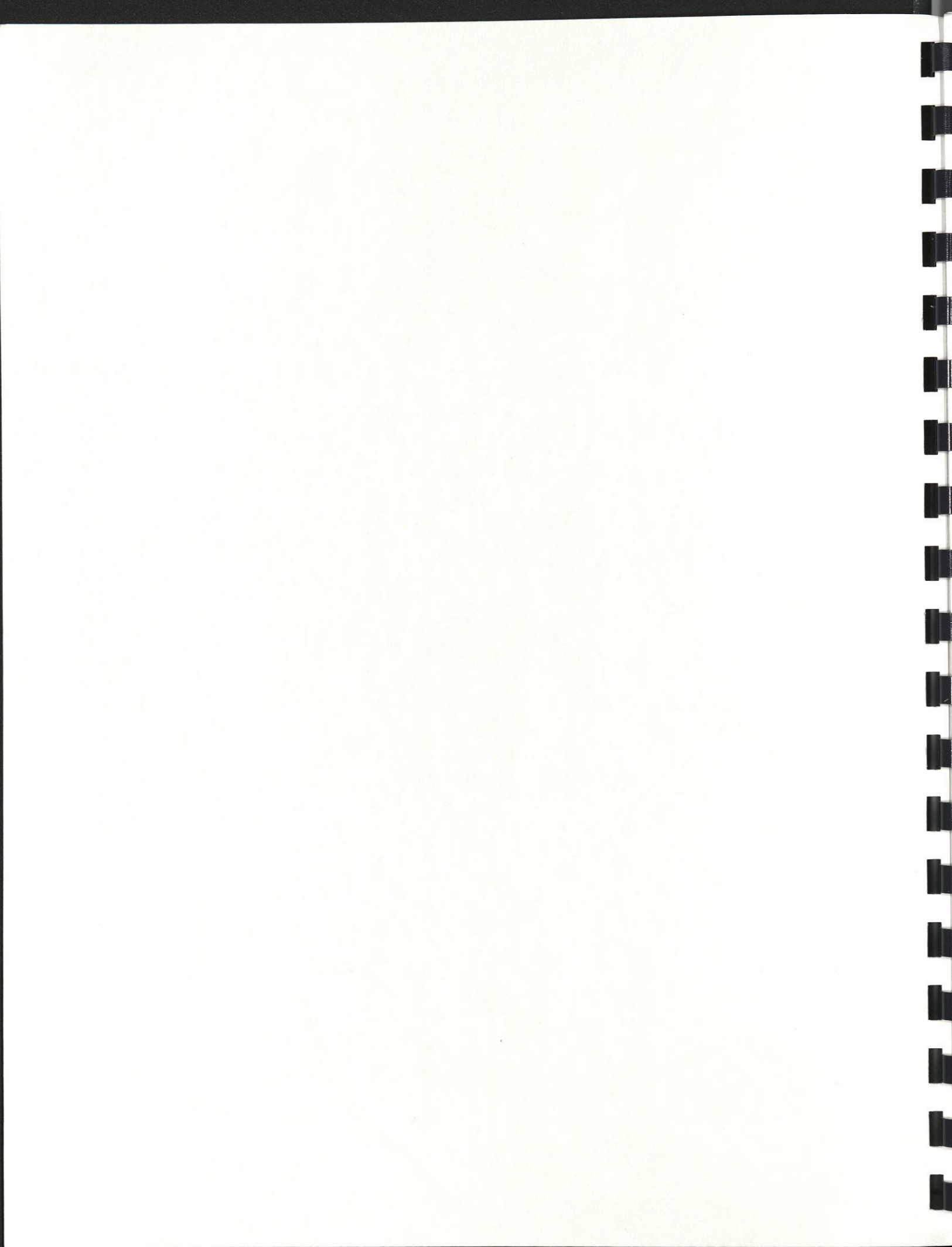


Southwestern University Financial Analyst Program



2007 Annual Report





Southwestern University Financial Analyst Program
2007 Shareholders' Annual Report
July 23, 2008

To Our Fellow Shareholders:

Congratulations on being a part of another successful year with Southwestern University's *Financial Analyst Program (FAP)*. We are proud to inform you that the portfolio successfully outperformed the S&P 500, our performance benchmark, for a third straight year. The FAP portfolio had an exceptional annual return of 16% in 2007, as compared to the S&P's 3.53%. In addition, the 2007 portfolio managed to outperform the S&P 500 in two risk-adjusted measures, i.e. the Sharp and the Treynor. Using the Sharpe Measure, the FAP had a 0.36% return, as compared to the S&P 500's -0.01% loss. Furthermore, the portfolio had a Treynor measure of 0.0089, while the S&P 500 had a Treynor of -0.0004.

We credit these achievements to committed implementation of our key objectives and strategies, along with the dedication and hard work of our student portfolio managers and our faculty advisor, Dr. A.J. Senchack. The following annual report will give a closer look at the performance and progress of the Financial Analyst Program in 2007. We hope this report is insightful and will encourage you to continue your support of the FAP.

Sincerely,

Southwestern University's Financial Analyst Program



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About the Financial Analyst Program

During the 1998-99 academic year, the Department of Economics and Business introduced a new undergraduate business honors curriculum – the Financial Analyst Program (FAP), under the direction of Professor A.J. Senchack, holder of the Lucy King Brown Chair in International Business. Working with Mr. Richard L. Anderson, Vice President of Fiscal Affairs, Dr. Senchack initiated a request for the creation of the Southwestern University Student Investment Fund, subject to approval by the Board of Trustees. The Fiscal Affairs Committee and the Board of Trustees fully endorsed the program, and the Board of Trustees approved and authorized the creation of the Student Investment Fund. In addition, the Board authorized the transfer of \$200,000 in endowment assets as the initial investment of the Fund. The first investment of the Financial Analyst Program was made on March 1, 2000.

The Fund is actively managed by Student Portfolio 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 FAP committee on a competitive basis. The criteria considered include career objectives, previous academic performance, related work experience, and application.

Participation in the FAP involves a year-long commitment, beginning in April before the student analysts' senior year. Members of the FAP extensively study two books discussing investment strategy. Members also report a summary of the books to the other members of the FAP at the beginning of the Fall semester.

Also, member students are required to enroll in two challenging courses for the Fall semester, both taught by Professor A.J. Senchack. These courses are *Financial Statement Analysis* and *Investments*. For example, some major topics covered in *Financial Statement Analysis* include: determining and understanding the sources of industry and company profitability; fundamentally analyzing financial statements, cash flow, sales/earnings growth, and business and financial risks; assessing earnings quality and sustainable sources of earnings growth; analyzing lines of business; valuing equity or equity-like securities; and assessing mergers and acquisitions.

Portfolio Managers and Officers



Front (Left to Right):

Secretary, Scott Rogers: The Secretary is in charge of taking minutes during our weekly meetings. The secretary is also responsible for emailing out the weekly minutes and keeping the FAP office organized.

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

Second Row (Left to Right):

Public Relations Coordinator, Keith Patterson: The public relations officer is responsible for creating weekly agendas, providing email reminders, updating the brochure and constitution, 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.

Market Technician, Wes Rivers: The duties of the market technician include the study of current and past performances of major market indicators and portfolio holdings, and to forecast future price direction. The technician is also responsible for the timing of purchases and sells in correlation to what he/she forecasts and keeping other members of the FAP aware of current market trends.

Webmaster/Portfolio Manager, Brian Kabat: The duties of the computer analyst (webmaster) include keeping forms and filed 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.

Trader, Daniel Webb: 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.

Portfolio Managers and Officers Cont.

Back (Left to Right):

Portfolio Manager, Steven Kuban: The Portfolio Manager attempts to reduce 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.

Public Relations Coordinator, Allison White: See Above.

Economist, Kate Dallas: The duties of the economist include monitoring macro-economic reports, and reporting any changes in the U.S. economy. Also, the economist should follow general predictions for the U.S. economy and keep the FAP updated on Fed actions.

Economist, Karin Arnham: See Above.

Statistician, Debran Meyer (Not Pictured): The Statistician keeps track of the various diagnostics of the portfolio. This includes the percent of the portfolio in each sector and sub-sector relative to the S&P 500, our benchmark. The statistician also reviews the portfolio's style and regional diversification, as well as asset allocation between equities, cash, and index funds.

Portfolio Objectives

The Student Fund Managers seek the highest level of return, while assuming risks similar to the Standard & Poor's (S&P) 500 Composite Index. Managers also recommend a targeted portfolio of stocks from a broad set of industries. Recommendations are done generally through a top-down approach, selecting an attractive industry first, and then the best stock in that industry.

- The fund purchases common stock issues of domestic and international corporations with large market capitalizations, and also, exchange traded funds and mutual funds
- 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.
- Technical analysis plays an important role in the selection of equities. Fund managers study historical price patterns of stocks to determine buy points, sell points, and relative strength.
- 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 help capture profits on successful stocks and minimize losses.

Portfolio Strategy

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

- The Fund attempts to assume risks similar to those of the Standard and Poors 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 looks 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 as well as diminishes returns through transaction costs.
- The Fund also 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's 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.
- An emphasis on buy and sell points to help cut losses by automatically selling portions of our position, or buying additional shares as the stocks cross certain price thresholds.

2007 Economic Review

Overall GDP growth for 2007 was 2.2%. The year was characterized by increasing problems in the housing and mortgage markets. The credit crunch and housing dilemma began to have detrimental effects on the economy as a whole, and we ended the year in an economic downturn. Weakened consumer spending and construction began to hinder GDP. All these issues together sparked a debate about whether the country was on the verge of or already experiencing recession. Unemployment was one area that was able to stray strong in the face of adversity, however, and remained at a level below average, providing a glimmer of hope throughout the year.

First Quarter 2007

The strong economic situation the U.S. had been experiencing in past years began to waver in the first quarter of 2007, and the economy began to look weaker than it had in a long time. January and February saw a string of mostly downbeat economic reports, but March still managed to retain some positive signs.

GDP growth was 0.7% for the quarter, posting the worst performance in 4 years. The housing slump and sub-prime mortgage issues were to blame for the weak growth. However, despite economic pessimism about the housing and loan markets, consumer spending remained solid, and business construction rose. Exports continued to grow in wake of the weakening dollar, whose value continued to drop during the quarter.

The Fed left interest rates untouched throughout the quarter at 5.25%. In February, Ben Bernanke celebrated his 1st anniversary as Chairman of the Federal Reserve.

Housing market conditions continued to slow, and posed the biggest threat to the economy for the first quarter of 2007. New home construction dropped 17% during the quarter. During January alone, housing starts were down 14.3%, the lowest level since 1997. They continued to fall even farther in February and March.

The dismal housing situation was compounded by the rise of problems in sub-prime lending. Later in the quarter, the term sub-prime lending began to cause fear as banks began to feel the pain of missed payments and defaults on risky mortgages and loans they had made when the housing market was strong. The sub-prime situation began to have an effect on the broader market as a few lending firms were forced to de-list from the NYSE. Foreclosures hit record levels, creating worries that problems in housing would start to have an impact on consumer psyche and spending.

Indeed, housing and lending problems began to deteriorate consumer confidence. Consumer confidence decreased throughout the quarter.

The slowing economy failed to tame inflation. In January, the consumer price index measure of inflation rose, interrupting a steadily improving outlook on inflation. The overall CPI increase was 4.7% for the quarter, caused by a dramatic increase in gas and energy prices. Core CPI (excluding volatile food and energy prices) was 2.3%.

January and February posted sluggish retail sales growth, causing worries about slowing consumer spending. However, sales rose by 0.7 percent in March, which was higher than economists' forecasts, which was a positive sign.

Durable goods orders were down 7.8% in January, and February's slight increase was also lower than expected, signs of suffering in the manufacturing sector and adding to concerns about an economic downturn. However, March came to the rescue, posting a 3.4% rise. A positive sign also came in the form of corporate earnings, which were higher than expected for the quarter.

Employment remained resilient throughout the quarter in the face of economic pessimism, and employment numbers were better than expected. In January unemployment rose 4.6%, but dropped in both February and March to 4.5% and 4.4% increases, respectively. March also showed wages rising. Household income was up .9% from the last quarter of 2006.

Second Quarter 2007

Economic data reported during the second quarter showed an economy that continued to slow. However, employment growth remained strong, and the rate of inflation slowed down a bit from the first quarter. Corporate profits also remained above expectations.

GDP picked up a bit in quarter two, posting a 3% increase. However, the improvement was due to buildup of inventories and increased net exports. Consumer spending, which makes up 70% of GDP, dropped sharply, and the struggling housing market and rising gas prices continued to hold back economic growth.

The Fed kept the 5.25% federal funds rate unchanged throughout the second quarter in light of slow economic growth and inflation conditions.

Sales of new homes rose 16.2% in April, after builders slashed prices to reduce an over-inflated inventory. Housing starts also showed an unexpected gain in April, but they were coupled with a report that building permits sank to a level even lower than the first quarter. Both housing starts and building permits declined for both May and June, indicating that the housing market was still searching for a bottom. Homebuilders posted huge losses for the quarter due to weak sales and decreasing value of their holdings. Builders began discounting unsold homes to reduce supply, but the glut of homes for sale and increasing cautions of lenders kept housing a major drag on economy.

The sub-prime mess continued to delay a recovery in the housing market. As banks tightened their standards for lending to home buyers, the supply of home buyers was further limited. Late payments and foreclosures rose to all time high.

As housing values fell, so did consumer confidence. The consumer confidence report according to the University of Michigan was at the lowest level in 10 months in May, and fell even further in June.

CPI rose 5.2% during the second quarter of 2007, up a bit from quarter one. However, core CPI remained stable at the 2.3% annual rate we saw during quarter one. Surging prices for food and fuel worried economists, and put a squeeze on purchasing power.

Retail sales were volatile over the quarter, beginning with a 0.2% decrease in April. May was up 1.4%, more than double the expected increase, but retail sales fell back down 0.9% in June. The .9% decrease was the weakest reading in two years.

While the gloomy housing condition began to trickle over to other areas of the economy, it failed to hurt employment. The unemployment rate remained at 4.5% for all three months of the second quarter, and strong employment and wage growth continue to hold up consumer spending.

Third Quarter 2007

GDP growth was 4.9% for the third quarter of 2007, an increase from the 3.8% we saw in the second quarter. The Fed kept the federal funds rate at 5.25% for the beginning of the quarter, but cut the rate 0.5% at their September meeting to 4.75% due to risk of recession.

Housing starts in July resumed a downtrend, falling 6.1%. The pace of housing starts continued to plunge in August and September to a level that was down nearly 31% from 2006. The dismal reports suggested that the housing slump was deeper than expected, and had become a much bigger drag on the overall economy.

Sub-prime lending problems reached a peak in the third quarter, causing a meltdown in the mortgage lending market. Increased problems with risky loans made to borrowers with bad credit history resulted in increased foreclosures and missed payments, causing major troubles for lenders and putting some lending companies out of business.

An unexpected jump in the consumer confidence reading for July was a positive sign, but readings fell both in August and September reaching the lowest level for the year to date at the end of the quarter.

Inflation remained fairly steady throughout the first two months of the third quarter, even showing a slight decrease in August, but jumped back up 0.3% in September.

In a welcome sign, retail sales rose from the dismal 0.9% decrease in June to a 0.3% increase in both July and August. Sales rose even further in September, up 0.6%.

The unemployment rate jumped up 0.1% from the June reading to 4.6% in both July and August. It rose another 0.1% in September, ending the quarter with a rate of 4.7%.

Fourth Quarter 2007

The preliminary estimate for GDP growth in the fourth quarter of 2007 was a 0.6% increase. Considering that GDP growth for the third quarter was 4.9%, and the fourth quarter is usually strong due to the holidays, this was a dismal report. Growth was carried mostly by increases in exports, which is due to the falling value of the dollar. Construction and consumer spending both contributed negatively.

The Fed brought two more interest rate cuts; first a cut to 4.5%, then even further to 4.25% in December in an effort to jumpstart the weakening economy.

Housing starts for October and November were both above the low levels seen in September, only to fall sharply to an even lower point in December.

Consumer confidence fell in both October and November, reaching a yearly low in November. The level increased slightly in December.

The Consumer Price Index increased 0.3% for October, but shot up 0.8% in November, the largest monthly increase for the year, adding to mounting inflationary fears.

Durable goods was down 4.9% for August, the largest decrease in 7 months and a much larger drop than the 3.5% expected decrease. This was another negative sign for the strength of the economy because it reflected a decrease in the confidence of business spending.

The unemployment rate remained at the level it ended the third quarter, at 4.7% for the first two months of the fourth quarter. The rate rose sharply to 5.0% in December, ending 2007 with its highest level of the year.

2007 Stock Market Review

Volatile is the only word that can characterize the U.S. equity markets in 2007. The bull market of the past four years seemed to lose some traction as the rally of late 2006 slowed into the early months of the year. The second quarter saw increased potential as both the Dow Jones Industrial Average and the S&P 500 broke record highs, but the late summer months brought the sub-prime mortgage crisis, quickly erasing the major gains of the year. The year ended with mixed signals as to whether the bull market would continue. The S&P 500 finished the year with a modest gain of 3.5% (1418.30-1468.36). The market volatility stemmed from a tightening credit market, a deteriorating housing sector, wavering consumer confidence, and a renewed inflation fear. Large cap stocks replaced small caps as the dominant force due to their resilience in the sub-prime lending turmoil. As investors fled financials, growth stocks outperformed value, which reversed the trend occurring from 2003-2006.

The year saw energy prices steadily surge, as oil prices increased by 57%, the largest gain in a decade. As a result, the energy sector was the strongest performing sector of the year, posting a 32.4% gain. Strong commodity prices and growth in global development allowed the materials sector to secure a healthy 20% gain for the year. Technology also did well, gaining 15.5% on the year, while the tech driven NASDAQ Composite ended with a 9.8% gain.

The housing bust of 2006 was followed by a 2007 housing sector which was perennially in the doldrums. The summer brought to light the financial industry's problems with sub-prime mortgage lending. Huge defaults and billion dollar write-offs dragged securities markets and caused the financial sector to be the year's worst performer with a 20.8% loss.

The following is a more detailed, quarter-by-quarter account of the stock market's journey through 2007.

First Quarter 2007

The market rally of 2006 quickly stagnated in the first quarter of 2007. Inflation doubts, lower expectations on corporate profit growth, international volatility and sub-prime mortgage fears contributed to the slower than expected start. On February 27, the Shanghai Stock Exchange plunged 9%, starting a global sell off and sinking the Dow Jones Industrial Average more than 400 points. Despite growing worries of inflation, the Fed left rates unchanged, and equities rebounded in March. The S&P 500 ended with a meager gain of 0.2% for the quarter. The small cap sector continued to show their dominance from the past year as the Russell 2000 posted a 1.7% gain.

Materials and utilities experienced favorable first quarters, both posting gains of 8.4%. Commodities also posted steady gains, which caused steel and aluminum producers to do well. Aluminum producer Alcoa topped the Dow Jones 30 for the three month period. In the energy sector, an unusually warm January dampened energy prices. However, a reversal in February saw oil prices surge as high as \$66 a barrel, boosting oil field services.

The housing sector continued its slump in the first quarter on news that vacant U.S. homes for sale in Q4 2006 were at the highest level in forty years. Five of the fifteen worst S&P 500 performers were in the homebuilding sector. Automobile manufacturers also lagged as they posted huge losses from 2006. Ford Motor Co. lost \$12.5 billion for 2006, while Daimler Chrysler's profits plunged 40%. Financials were the worst performing sector for the quarter, losing about 3.4%. U.S. lenders faced huge sell offs due to the rising defaults on sub-prime mortgages. New Century Financial Corp. was forced to end lending and HSBC Holds put an excess of \$1.76 billion toward the payment of bad loans. Tech stocks experienced a volatile three months as well. Microsoft paid a \$1.52 billion legal settlement, while Advanced Micro Devices was the S&P 500's worst performer after plunging 36% for the quarter.

Overall, it was clear that the momentum from the previous year slowed in the first quarter of 2007.

Second Quarter 2007

In the second quarter, the U.S. equity markets regained the pace which was lost in the first three months of 2007. The S&P 500 gained a respectable 5.8% for the quarter, while hitting a record high at 1530.23 on May 30. The Dow Jones Industrial Average made several record highs throughout the three months. The market growth stemmed from better than expected corporate earnings growth, increased merger and acquisition (M&A) activity, a surge of private equity buyouts, booming exports and share requirement on a massive scale. Increased bond yields stemming from inflation and sub-prime credit worries tempered gains in June but overall the markets finished strong. Small caps continued to do well, however large caps made a resurgence based on their global operations meeting strong foreign demand. Growth style investment also reemerged to overtake value.

As expansion set in globally, sectors with ties to development experienced a solid second quarter. Increased commodity prices and strong M&A activity intensified the materials sector. The aluminum producer Alcoa's prices surged as it made an offer for Canadian rival Alcan. The energy sector gained 14.6% stemming from another quarter of high fuel prices and increasing global demand. The technology sector emerged with a healthy gain of 9.9% for the three months. Blue-chips like Intel and Oracle posted better than expected earnings growth. Furthermore, Apple launched the much anticipated "iPhone", while semiconductors saw robust growth.

The housing sector suffered as dismal news relating to existing home sales, housing starts, and inventories emerged. Financials gained a modest 1.4%, due to sustained fears in the credit market and increasing rates. The sub-prime mortgage situation deteriorated further as Bear Stearns was forced to lend \$3.2 billion to one of its hedge funds heavily involved in the mortgage bond market. Consumer staples and discretionary underperformed as the fear of \$4/gallon gas prices emerged, while utilities fell due to high interest rates.

The stock market had regained traction in the second quarter; however, this set stage for a very volatile three months to come.

Third Quarter 2007

The U.S. equity markets went into the third quarter in full stride, unknown that problems were mounting which would make for a very volatile three months. The S&P 500 gained 3.2% in the first three weeks of July, to set an all time high of 1553.08. The Dow hit a milestone of 14000. These early gains stemmed from mining company Rio Tinto outbidding Alcoa for acquisition of Alcan and tech firms like IBM posting better than expected earnings. However, momentum faded quickly as problems in the housing and financial markets took center stage.

The housing sector continued to sink, as the sub-prime mortgage crisis took full effect. Bear Stearns Co. announced their two sub-prime related hedge funds were worthless. In early August, Bear's CFO reported that the credit market was the worst in 22 years. Later that week, CEO Warren Spector resigned. Countrywide Financial Corp. reported a profit plunge of 33% and that expectations were slashed. Goldman Sachs reported a \$4.7 billion loss on its hedge fund assets. Equities tanked on these and other lender announcements. Risk aversion tightened credit markets to the point in which the Fed was forced to make two money injections into the financial system. By August 16, the S&P 500 fell 9.4% from the high made earlier in the fourth quarter.

A symbolic cut in the discount rate, followed by a half point cut to Federal-Funds rate were instrumental in securing a small market rebound late in the quarter. This was also helped by the steady performance of large caps in sectors unrelated to financials. Large cap firms outperformed small caps as they took full advantage of their diversified holdings. There was also a push towards growth style as investors moved out of the value-laden financial sector. The technology sector was able to stave off the credit crisis and managed to end the quarter with a respectable gain of 5.4%. Climbing prices continued to boost the energy sector, as oil hit prices just above \$80/barrel. This late resurgence caused the S&P 500 to gain a modest 1.5% for the quarter.

Although the market had rebounded late in the quarter, the sub-prime crisis was still a reality, giving way to whispers of a possible bear market or worse.

Fourth Quarter 2007

The U.S. equity markets continued to show volatility as they moved into the fourth quarter of 2007. Surging oil prices, poor consumer confidence, continued credit turmoil, and chilly sales forecasts for the holiday season did not help matters. The S&P 500 was able to sustain a small rally and break a new high in early October, but the effects of the sub-prime mortgage crisis and the market pressures mentioned above persisted. Two Fed rate cuts provided little relief, as the Fed's comments maintained the fear of inflation. As a result, the broad based index lost 3.8% for the quarter but was up 3.5% for the year. Large and mid caps became the dominant sectors as tightening credit markets squeezed margins on smaller companies. Growth maintained dominance over value as investors continued to flee financials.

Financials continued their drag on the general market, as companies like Merrill Lynch, UBS AG, Bear Stearns, CitiGroup, and Countrywide posted multibillion dollar write-offs on mortgage backed securities. A capital infusion to CitiGroup from the Abu Dhabi government restored some faith in financials, but overall the sector lost 15% during the last quarter, and 20.8% on the year. Consumer discretionary and technology also had a disappointing quarter down 10.5% and 0.1% respectively. These losses stemmed from weakening consumer sentiment and poor retail sales forecasts for the holiday season.

Equities stumbled as oil prices further escalated. Prices reached a high at \$98.18/barrel, but then subsided just above \$95/barrel. This drove the energy sector to a 4.1% gain on the three months. Utilities also managed a good end of the year as a colder winter drove a 6.4% gain for the quarter.

The fourth quarter left investors with many questions concerning the health of the U.S. Equity Markets. With no end to housing slump in sight and fears about future turmoil in the credit market, the bull looked to be on its last legs.

Best Investment Idea of 2007: Monsanto Company

Monsanto Company proved itself as the fund's best holding in 2007. The stock's price increased by an outstanding 119% throughout the year. Monsanto Co. is a global provider of agricultural products. Using seeds, herbicides, and other biotechnology products, Monsanto Co.'s clients are able to increase their productivity while reducing costs.

Monsanto's stock price increase came from positive results in multiple business segments. One of the company's flagship products is the herbicide Roundup. This product and others in its segment drives the company's residential and lawn/garden division. By supplying its seeds and seed technologies both directly to farmers and to other seed distribution companies, Monsanto Co. has been able to gain a competitive advantage in this market. The company has developed biotechnologies that led the market for the previous year.

Providing a diversified offering of high-quality products was just one factor contributing to Monsanto's 2007 success. Demand for agriculture products skyrocketed throughout the year. Domestically, we continue to need huge amounts of grain. Further, a market for ethanol caused farmers to produce more corn than many expected. Internationally, people are eating more food and producing more meat. The result of this increased demand was the willingness to pay premium prices for products and technologies that would improve productivity.

Monsanto Co. stock began the 2007-year trading at \$51.22. By its end, the stock was trading at \$111.69 and had traded at a year high of \$115.33 on December 26. In the early part of 2008, Monsanto has continued to show promise and should remain a staple of our portfolio.

(www.bigcharts.com for the stock chart for 2007) symbol is MON

Worst Investment Idea of 2007: Comcast Corporation

Comcast Corporation was our worst holding in 2007. On the year, Comcast's stock price decreased by 36%. Luckily, we did not hold the stock the entire year. We sold our position on November 13, 2007 for \$19.49. Selling the stock before the year's end helped the fund avoid further losses on this holding. Comcast Corp. is a United States based cable operator. While the company has a programming segment as well, its cable operations account for over 95% of revenue. The fund had holdings in both Comcast and DIRECTV in an effort to gain exposure to the cable industry.

Comcast Corporation had growth potential within the cable industry. As one of the nation's leading cable television service providers, Comcast had created some brand equity. The portfolio analysts felt optimistic that the "brand name" Comcast had created would help the company as it struggled to diversify its business operations. Comcast attempted to market a bundled package of Internet, home phone, and television services to consumer. However, this program was not as successful as analysts anticipated. As a result, Comcast posted earnings and sales that did not meet expectations.

Furthering Comcast's internal problems was competition in the television service market. Other cable television providers emerged that took market share from Comcast. Also, satellite television providers aggressively targeted customers with low monthly rates following a switch from cable. Some potential Comcast subscribers may have also been swayed by the NFL Network's exclusive licensing agreement with DirecTV.

Through thoughtful analysis, the fund was able to sell our 300 shares of CMCSA for \$19.49. We had purchased 200 shares at \$38.41. (The stock had a 3:2 split on February 22, 2007.) This decision allowed us to keep losses to less than \$1,900.

(www.bigcharts.com for the stock chart for 2007) symbol is CMCSA

Month-Ending Financial Analyst Program Portfolio Value

Month-Ending Values: Exhibits A & B

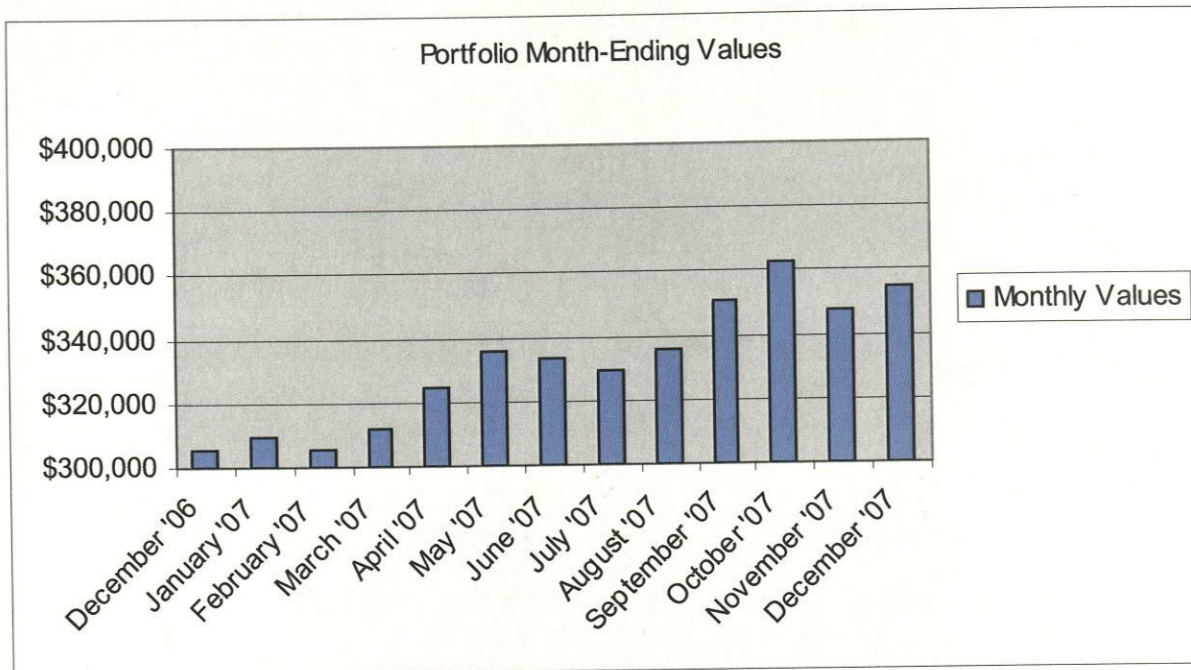
Exhibit A presents the level and change in Portfolio value at the end of each month in 2007. As shown, the Portfolio's value declined in only three months. The largest monthly return was 4.61% in September, while the largest monthly decline of -3.96% occurred after the bull market topped out in October.

Exhibit B contains the same information but is for our benchmark, the S&P 500. In contrast to our Portfolio's three monthly losses, the S&P suffered five monthly declines. More importantly, our Portfolio only underperformed the S&P in one month--January. Finally, the Portfolio returned a 16% annual return in 2007, over four times as much as the S&P 500 return of 3.53%. The reason for this exceptional performance was due to the financial stocks in the S&P 500, which were decimated by the subprime mortgage credit crisis. In contrast, our Portfolio contained no financial stocks during the year.

The 2007 Portfolio turnover was 60.54%. Portfolio turnover is a measure of how often assets are traded in a Portfolio. To calculate it, the total amount of sales for the year are divided by the average Portfolio value.

Exhibit A: 2007 Month-Ending FAP Portfolio Values

Month Ending	Cash	Equities	Portfolio Value	% Change per Month
December '06	\$3,772	\$302,099	\$305,870	
January '07	18,964	290,449	309,413	1.16%
February '07	1,202	304,180	305,382	-1.30%
March '07	28,287	283,846	312,133	2.21%
April '07	9,070	315,175	324,245	3.88%
May '07	17,131	318,393	335,524	3.48%
June '07	17,326	316,221	333,547	-0.59%
July '07	17,409	312,158	329,568	-1.19%
August '07	31,245	304,391	335,635	1.84%
September '07	49,381	301,723	351,103	4.61%
October '07	1,998	360,351	362,349	3.20%
November '07	27,674	320,339	348,013	-3.96%
December '07	33,178	321,633	354,812	1.95%
Average Monthly Return				1.27%
Annual Return				16.00%
Portfolio Turnover				60.54%

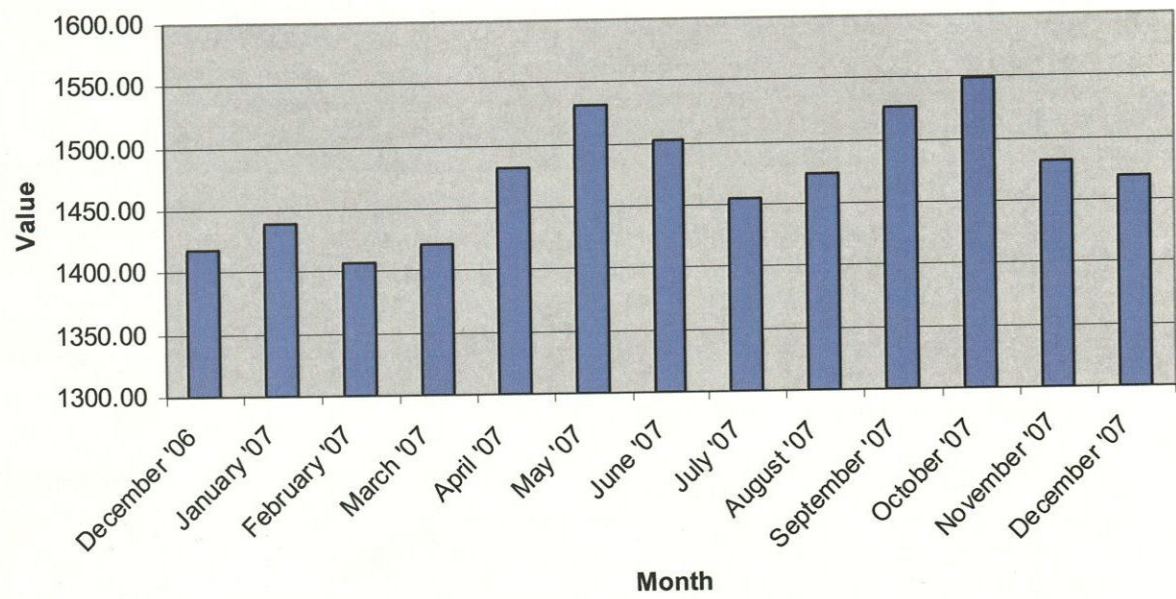


Month-Ending Values for S&P 500

Exhibit B: 2007 Month-Ending Values for S&P 500

Month Ending	S&P 500 Close	% Change per Month
December '06	1418.30	
January '07	1438.24	1.41%
February '07	1406.82	-2.18%
March '07	1420.86	1.00%
April '07	1482.37	4.33%
May '07	1530.62	3.25%
June '07	1503.35	-1.78%
July '07	1455.27	-3.20%
August '07	1473.99	1.29%
September '07	1526.75	3.58%
October '07	1549.38	1.48%
November '07	1481.14	-4.40%
December '07	1468.36	-0.86%
Average Monthly Return		0.33%
Annual Return		3.53%

S&P 500 Month-Ending Values



Sharpe and Treynor Risk-Adjusted Performance

Exhibit C: 2007 Sharpe and Treynor Risk-Adjusted Performance

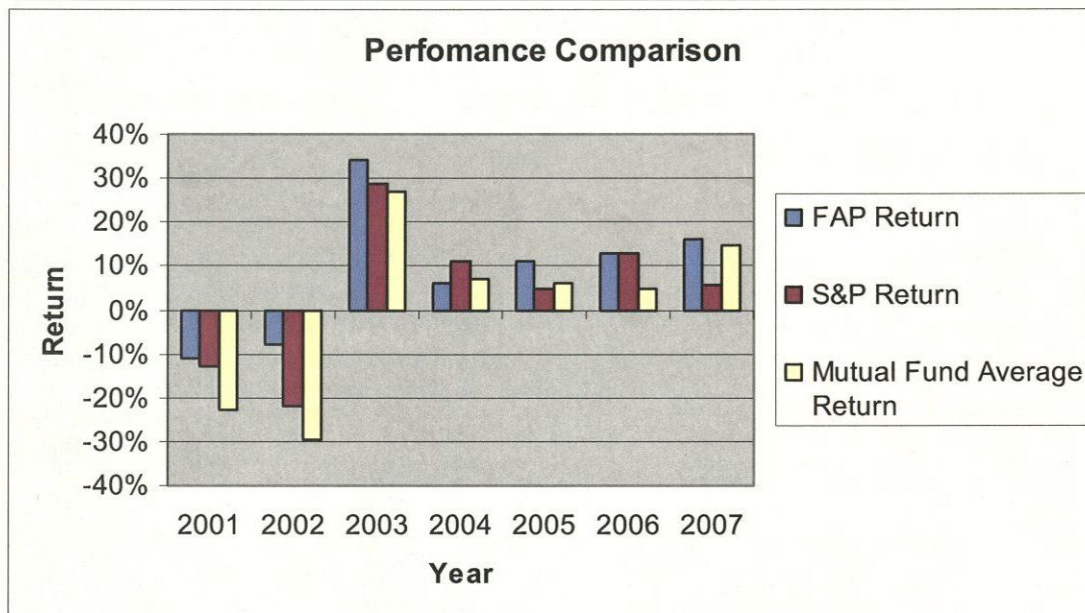
Exhibit C gives the Sharpe and Treynor measures of performance for each month of 2007. The Sharpe Measure is a risk-adjusted measure of portfolio performance. It measures the risk premium earned, measured by portfolio return less risk free rate, as a function of *total* risk, measured by standard deviation. The Treynor Measure is another risk-adjusted measure. It measures the risk premium earned as a function of *systematic* risk, measured by beta.

Month Ending	Portfolio Return	S&P 500 Return	Risk Free Rate *	
	Less Risk Free Rate	Less Risk Free Rate	Month Ending	Rate
Jan-07	0.74%	0.99%	Jan-07	0.42%
Feb-07	-1.72%	-2.60%	Feb-07	0.42%
Mar-07	1.80%	0.59%	Mar-07	0.41%
Apr-07	3.47%	3.92%	Apr-07	0.41%
May-07	3.08%	2.86%	May-07	0.39%
Jun-07	-0.97%	-2.17%	Jun-07	0.38%
Jul-07	-1.59%	-3.60%	Jul-07	0.40%
Aug-07	1.49%	0.94%	Aug-07	0.35%
Sep-07	4.28%	3.26%	Sep-07	0.32%
Oct-07	2.88%	1.16%	Oct-07	0.33%
Nov-07	-4.23%	-4.68%	Nov-07	0.27%
Dec-07	1.70%	-1.11%	Dec-07	0.25%
12 Month Average	0.91%	-0.04%	12 Month Average	0.36%

	FAP Portfolio	S&P 500
Beta Function	1.03	1.00
Standard Deviation	2.55%	2.80%
Sharpe Risk-Adjusted Performance	0.36	-0.01
Treynor Risk-Adjusted Performance	0.0089	-0.0004

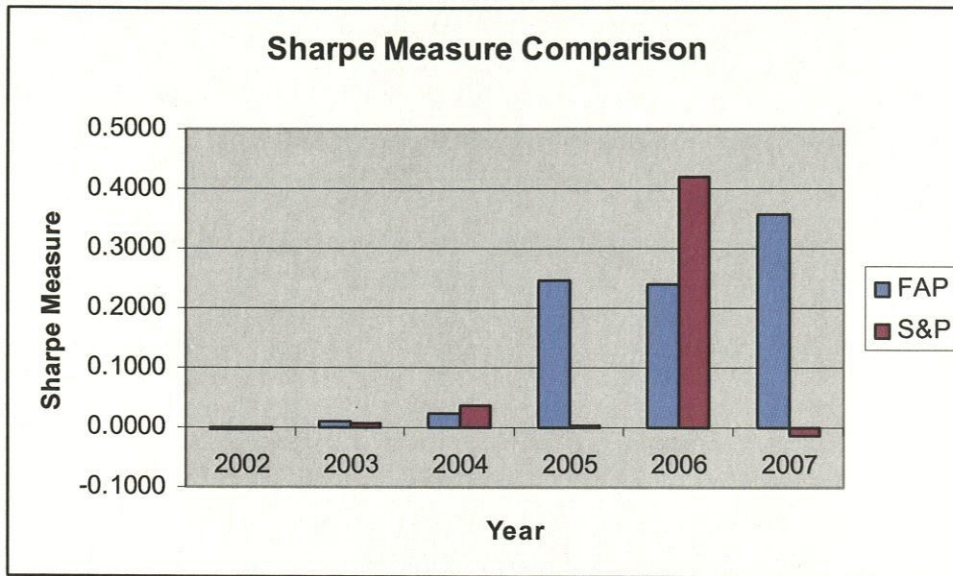
Historical Performance Comparison

The Financial Analyst Program continued its outstanding performance in 2007 with a 16.00% portfolio return. Since our inception we have earned a higher portfolio return than both our benchmarks, the S&P 500 and Large-Cap Growth Mutual Funds, in every year except 2004. In each of those years, we have had a far superior return to one or both benchmarks. The portfolio started off in the 2001 bear market and appeared to perform poorly for two years. Comparing it to our benchmarks, we see that although the negative returns in 2001 and 2002 were not ideal for a new portfolio, they outperformed both benchmarks. In 2003, the portfolio managers changed from a defensive to offensive position and capitalized on the strong market rally resulting in the highest return the portfolio has experienced. In 2004, our portfolio return fell below both of our benchmarks, but in 2005 the performance turned around resulting in a stellar 11.23% portfolio return, at least a 5% return difference from both benchmarks. From 2005 to 2007, the portfolio experienced impressive returns that increased over time. The portfolio return improved each year from 2004 unlike either of our benchmarks.

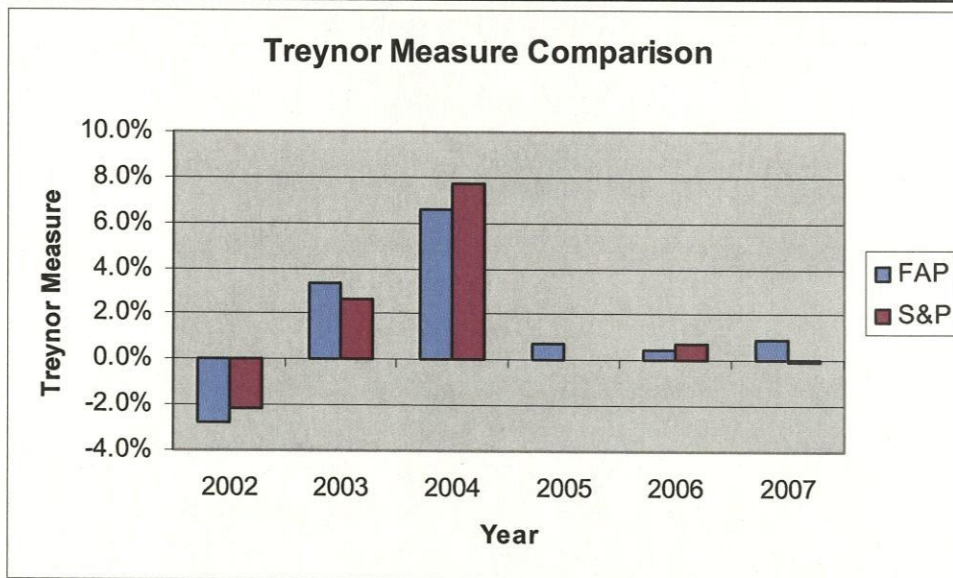


Year	FAP Return	S&P 500 Return	Mutual Fund Average Return
2001	-11.09%	-13.00%	-22.90%
2002	-8.13%	-22.10%	-29.60%
2003	34.11%	28.70%	27.00%
2004	6.28%	10.88%	7.18%
2005	11.23%	4.90%	6.20%
2006	13.07%	13.00%	4.70%
2007	16.00%	5.50%	14.80%

From 2002 to 2004, our risk-adjusted Sharpe measure was more or less equivalent to S&P 500, and very low. In 2005, the FAP was able to set itself apart achieving a risk premium of 0.68%, compared to the S&P's 0.01%. Moreover, in 2006, the S&P 500 was able to reduce total risk while achieving a higher risk premium.



From 2003 to 2007, we experienced a Treynor Measure greater than 0. The measure was negative for 2002 because of a negative risk premium earned as a result of the bear market. Compared to the S&P 500, we have outperformed them every other year, but have continually had a similar measure to them. This indicates that our risk-adjusted performance, as a function of systematic risk, behaves similarly to that of the S&P 500.



2007 Portfolio Financial Statements

Market Values by Quarter: Exhibits D–G

Exhibits D through G detail the Portfolio's holdings and market values at the end of each quarter. Additionally, each table also presents the returns for each quarter. The Portfolio had positive returns in every quarter of 2007, with the largest return occurring in the second quarter. The lowest quarterly return in 2007 was in the fourth quarter, when the 2003-2007 bull market topped out.

In addition, the Portfolio tended to hold, on average, 17 to 21 securities throughout the year. Exhibits D through G also give information about any stock splits that affected the Portfolio's equities.

1st Quarter 2007 - Ending March 31, 2007

Exhibit D: Portfolio Holdings and Market Values Q1 2007, Ending March 31, 2007

	Shares	Cost per Share	Cost Basis	Price per Share	Market Value
Cash and Cash Equivalents			\$28,287		\$28,287
Equities:					
Cameron International	250	\$53.04	\$13,260	\$62.79	\$15,698
Coach Inc	250	35.41	8,852	50.05	12,513
Comcast Corp	300	25.61	7,683	25.95	7,785
DirecTV Group	350	20.62	7,217	23.07	8,075
Exxon Mobil	150	50.5	7,575	75.45	11,318
Factset Research Systems Inc	200	34.45	6,890	62.85	12,570
FISPX	4,332	20.66	89,499	26.12	113,157
International Gaming Technology	200	36.51	7,302	40.38	8,076
iShares MSCI Japan	500	11.68	5,840	14.57	7,285
iShares S&P Global Telecom	170	64.46	10,958	65.69	11,167
Korn Ferry International	300	24.48	7,344	22.94	6,882
Nordstrom Inc	100	48.54	4,854	52.94	5,294
SPDR S&P Metals & Mining ETF	275	51.42	14,141	57.23	15,738
Staples Inc	575	25.58	14,709	25.84	14,858
Vanguard European ETF	115	68.80	7,912	70.91	8,155
Varian Semiconductor Equipment	280	45.22	12,660	53.38	14,946
Walt Disney Holding Company	300	34.87	10,461	34.43	10,329
Total Common Stocks			\$237,157		\$283,846
Total Assets			\$265,445		\$312,133

Beginning Portfolio Value (12/31/06)	\$305,522
Ending Portfolio Value (3/31/07)	312,133
% Change for 1st Qtr 2006	2.16%

Stock Splits

Company Name	Ticker	Date	Shares Owned	Type of Split
Comcast Corp	CMCSA	2/22/2007	200	3 for 2

2nd Quarter 2007 Ending June 30, 2007

Exhibit E: Portfolio Holdings and Market Values Q2 2007, Ending June 30, 2007

	Shares	Cost per Share	Cost Basis	Price per Share	Market Value
Cash and Cash Equivalents			\$17,326		\$17,326
Equities:					
Cameron International	250	\$53.04	\$13,260	\$71.47	\$17,867
Citadel Broadcasting Group	23	6.24	144	6.45	148
Coach Inc	250	35.41	8,852	47.39	11,848
Comcast Corp	300	25.61	7,682	28.12	8,436
DirecTV Group	350	20.62	7,217	23.11	8,089
Exxon Mobil	150	50.50	7,575	83.88	12,582
Factset Research Systems Inc	200	34.45	6,891	68.35	13,670
FISPX	4,249	20.69	87,899	27.62	117,361
iShares MSCI Japan	500	11.68	5,840	14.51	7,255
iShares S&P Global Telecom	170	64.46	10,958	71.83	12,211
Korn Ferry International	300	24.48	7,344	26.26	7,878
Lockheed Martin Corp.	80	96.86	7,749	94.13	7,530
Monsanto	130	58.07	7,549	67.54	8,780
Nordstrom Inc	100	48.54	4,854	51.12	5,112
Potash Corp	135	56.13	7,577	77.97	10,526
SPDR Metals & Mining ETF	275	51.42	14,141	62.53	17,196
Staples Inc	285	25.58	7,290	23.73	6,763
Strayer Education Inc	60	124.98	7,499	131.71	7,903
Vanguard European ETF	215	70.65	15,190	76.33	16,411
Varian Semiconductor Equipment	210	30.14	6,330	40.06	8,413
Walt Disney Company	300	34.39	10,317	34.14	10,242
Total Common Stocks			\$252,158		\$316,221
Total Assets			\$269,484		\$333,547

Beginning Portfolio Value (3/31/07)	\$312,133
Ending Portfolio Value (6/31/07)	333,547
% Change for 2nd Qtr 2007	6.86%

Stock Splits

Company Name	Ticker	Date	Shares Owned	Type of Split
Potash Corp.	POT	5/31/2007	45	3 for 1
Varian Semiconductor Equipment	VSEA	5/31/2007	140	3 for 2

3rd Quarter 2007 Ending September 30, 2007

Exhibit F: Portfolio Holdings and Market Values Q3 2007, Ending September 30, 2007

	Shares	Cost per Share	Cost Basis	Price per Share	Market Value
Cash and Cash Equivalents			\$49,381		\$49,381
Equities:					
Cameron International	250	\$53.04	\$13,260	\$92.29	\$23,073
Citadel Broadcasting Corp	23	6.24	144	4.16	96
Comcast Corp	300	25.61	7,682	24.18	7,254
DirecTV Group	350	20.62	7,217	24.28	8,498
Exxon Mobil Corp	150	50.50	7,575	92.56	13,884
Factset Research System	100	34.45	3,445	68.55	6,855
FISPX	4267	20.72	88,388	28.03	119,595
iShares Global Telecom ETF	170	64.46	10,958	77.79	13,224
iShares MSCI Japan	500	11.68	5,840	14.34	7,170
Lockheed Martin Corp	80	96.86	7,749	108.49	8,679
Monsanto	130	58.07	7,549	85.74	11,146
Nordstrom Inc	100	48.54	4,854	46.89	4,689
Potash Corp	85	56.13	4,771	105.70	8,985
SPDR Metals & Mining ETF	275	51.42	14,141	64.00	17,600
Strayer Education Inc	90	139.43	12,549	168.63	15,177
Vanguard European ETF	100	70.65	7,065	78.20	7,820
Varian Semiconductor Equipment	330	36.29	11,976	53.52	17,662
Walt Disney Company	300	34.39	10,317	34.39	10,317
Total Common Stocks			\$225,480		\$301,723
Total Assets			\$274,860		\$351,103

Beginning Portfolio Value (6/30/07)	\$333,547
Ending Portfolio Value (9/30/07)	351,103
% Change for 3rd Qtr 2007	5.26%

4th Quarter 2007 Ending December 31, 2007

Exhibit G: Portfolio Holdings and Market Values Q4 2007, Ending December 31, 2007

	Shares	Cost per Share	Cost Basis	Price per Share	Market Value
Cash and Cash Equivalents			\$33,178		\$33,178
Equities:					
CVS/ Caremark Corp.	425	\$40.24	\$17,104	\$39.75	\$16,894
Cameron International Corp.	340	26.52	9,017	48.13	16,364
Citadel Broadcasting Corp.	23	6.24	144	2.06	47
Exxon Mobil Corp.	150	50.50	7,575	93.69	14,054
FISPX	4,012	21.01	84,283	23.62	94,762
International Business Machines	160	105.06	16,809	108.10	17,296
iShares S&P Global Telecom ETF	170	64.46	10,958	77.43	13,163
Jacobs Engineering Group	200	80.08	16,016	95.61	19,122
Lockheed Martin Corp	80	96.85	7,748	105.26	8,421
Monsanto	130	58.07	7,549	111.69	14,520
Potash Corp	85	56.13	4,771	143.96	12,237
SPDR Metals & Mining ETF	275	51.42	14,141	69.12	19,008
Stericycle Inc	320	56.48	18,073	59.40	19,008
Strayer Education Inc	90	139.43	12,549	170.58	15,352
Vanguard International Equity Index	100	79.62	7,962	74.82	7,482
Vanguard Mid-Cap Growth Index	125	66.50	8,313	64.80	8,100
Vanguard Growth ETF	250	65.84	16,460	64.48	16,120
Walt Disney Co.	300	34.39	10,317	32.28	9,684
Total Common Stocks			\$269,788		\$321,633
Total Assets			\$302,966		\$354,812

Beginning Portfolio Value (9/30/07)	\$351,103
Ending Portfolio Value (3/31/07)	354,812
% Change for 4th Qtr 2007	1.06%

Stock Splits

Company Name	Ticker	Date	Shares Owned	Type of Split
Cameron International Corp.	CCJ	12/31/2007	170	2 for 1

2007 Portfolio Activity – Purchase Transactions

Transactions: Exhibits H - J

Exhibits H and I describe our 2007 transactions. Exhibit H lists all the purchases made during the period. There was a total of \$188,572 in purchases for the year. The fourth quarter experienced the heaviest buying activity, with 58% of the Portfolio's purchases being made during this period. Exhibit I gives the Portfolio's sales transactions. Selling was heaviest in the first and fourth quarters, during which 63% of the Portfolio's sales transactions took place. The Portfolio also had \$200,612 in total sales transactions for 2007. Finally, Exhibit J indicates that all cash dividends received during 2007 totaled \$15,388.

Exhibit H: 2007 Portfolio Activity- Purchase Transactions

	Company Name	Ticker	Date	Shares	Price	Outlay
Quarter 1	SPDR Metals & Mining ETF	XME	2/13/2007	125	\$52.91	\$6,614
	Cameron International Corp.	CAM	2/16/2007	100	56.40	5,640
	Varian Semiconductor Equipment	VSEA	2/23/2007	150	48.28	7,242
	Korn Ferry International	KFY	2/27/2007	300	24.48	7,344
	Goldman Sachs	GS	2/28/2007	20	216.73	4,335
Quarter 2	Potash Corp.	POT	4/11/2007	45	168.38	7,577
	Vanguard European ETF	VGK	4/11/2007	100	72.78	7,278
	Monsanto	MON	4/17/2007	130	58.07	7,549
	Strayer Education Inc.	STRA	4/17/2007	60	124.98	7,499
	Lockheed Martin Corp.	LMT	5/9/2007	80	96.86	7,749
Quarter 3	Varian Semiconductor Equipment Co.	VSEA	8/31/2007	120	47.05	5,646
	Strayer Education Inc.	STRA	9/26/2007	30	168.34	5,050
Quarter 4	Jacobs Engineering Group	JEC	10/5/2007	200	80.08	16,016
	Vanguard Mid-Cap Growth ETF	VOT	10/11/2007	250	66.50	16,625
	CVS/ Caremark Corp.	CVS	10/18/2007	225	40.03	9,006
	Vanguard European ETF	VGK	10/23/2007	100	79.62	7,962
	Stericycle Inc.	SRCL	10/24/2007	160	53.43	8,549
	Vanguard Growth ETF	VUG	10/24/2007	250	65.84	16,460
	International Business Machines	IBM	11/16/2007	160	105.06	16,809
	CVS/ Caremark Corp.	CVS	12/5/2007	200	40.49	8,098
	Stericycle Inc.	SRCL	12/12/2007	160	59.53	9,524
Total						\$188,572

2007 Portfolio Activity – Sale Transactions

Exhibit I: 2007 Portfolio Activity- Sales Transactions

	Company Name	Ticker	Date	Shares	Price	Proceeds
Quarter						
1	Lam Research Corp	LRCX	1/30/2007	100	\$47.04	\$4,704
	Schlumberger Ltd.	SLB	2/2/2007	162	63.42	10,274
	Coach Inc.	COH	2/16/2007	100	48.10	4,810
	International Gaming Technology	IGT	2/22/2007	200	42.83	8,566
	Goldman Sachs	GS	3/6/2007	20	201.09	4,022
	Nordstrom Inc.	JWN	3/6/2007	100	53.66	5,366
	Vanguard International Equity Index	VGK	3/6/2007	100	66.97	6,697
	Goldman Sachs	GS	3/9/2007	20	194.66	3,893
	UBS AG	UBS	3/19/2007	125	55.53	6,941
Quarter						
2	International Gaming Technology	IGT	5/3/2007	200	38.73	7,746
	Staples Inc.	SPLS	5/9/2007	290	24.97	7,241
	Varian Semiconductor Equipment	VSEA	5/25/2007	140	60.77	8,508
Quarter						
3	Coach Inc.	COH	8/20/2007	125	43.37	5,421
	Factset Research Systems	FDS	8/20/2007	100	58.92	5,892
	Vanguard European ETF	VGK	8/20/2007	115	70.32	8,087
	Qualcomm Inc.	QCOM	10/4/2006	250	36.75	9,188
	Coach Inc.	COH	9/7/2007	125	44.18	5,523
	Korn Ferry International	KFY	9/12/2007	300	18.91	5,673
	Staples Inc.	SPLS	9/12/2007	285	22.48	6,407
	Potash Corp.	POT	9/26/2007	50	103.61	5,180
Quarter						
4	Cameron International Corp.	CCJ	10/23/2007	80	101.98	8,158
	Nordstrom Inc.	JWN	10/23/2007	100	39.81	3,981
	Varian Semiconductor Equipment	VSEA	10/23/2007	160	49.88	7,981
	iShares MSCI Japan	EWJ	10/24/2007	500	14.01	7,005
	Comcast Corp.	CMCSA	11/16/2007	300	19.41	5,823
	Factset Research Systems	FDS	11/30/2007	100	62.91	6,291
	Varian Semiconductor Equipment	VSEA	12/5/2007	170	41.34	7,029
	Vanguard Mid-Cap Growth ETF	VOT	12/5/2007	125	63.93	7,992
	DirecTV Group	DTV	12/27/2007	350	24.61	8,614
	Vanguard European ETF	VGK	12/27/2007	100	76.00	7,600
					Total	\$200,612

Cash Dividends

Exhibit J: 2007 Cash Dividends

Name	Ticker	Date	Shares	Div/Share	Cash
Quarter 1					
International Gaming	IGT	1/2/2007	400	\$0.13	\$52.00
Schlumberger Ltd.	SLB	1/5/2007	62	0.13	7.75
Goldman Sachs	GS	2/22/2007	20	0.35	7.00
ExxonMobil	XOM	3/9/2007	150	0.32	48.00
Factset Research	FDS	3/20/2007	200	0.06	12.00
Nordstrom Inc.	JWN	3/15/2007	200	0.14	27.00
Fed Max-Cap	FISPX	3/28/2007	4315	0.10	431.59
SPDR Metals & Mining	XME	3/28/2007	275	0.10	26.90
Quarter 2					
International Gaming	IGT	4/2/2007	200	\$0.13	\$26.00
Staples	SPLS	4/19/2007	575	0.29	166.75
Potash Corp.	POT	5/11/2007	45	0.15	6.75
ExxonMobil	XOM	6/11/2007	150	0.35	52.50
Strayer Education	STRA	6/11/2007	60	0.31	18.75
Nordstrom Inc.	JWN	6/15/2007	100	0.14	13.50
Factset Research	FDS	6/19/2007	200	0.12	24.00
Lockheed Martin	LMT	6/22/2007	80	0.35	28.00
Fed Max-Cap	FISPX	6/27/2007	4232	0.11	465.54
SPDR Metals & Mining	XME	6/27/2007	275	0.06	16.89
Quarter 3					
Monsanto	MON	7/27/2007	130	\$0.13	\$16.25
Potash Corp.	POT	8/13/2007	135	0.10	13.50
ExxonMobil	XOM	9/11/2007	150	0.35	52.50
Strayer Education	STRA	9/11/2007	60	0.31	18.75
Nordstrom Inc.	JWN	9/14/2007	100	0.14	13.50
Factset Research	FDS	9/18/2007	100	0.12	12.00
Fed Max-Cap	FISPX	9/26/2007	4249	0.11	488.65
Lockheed Martin	LMT	9/28/2007	80	0.35	28.00
Quarter 4					
Monsanto	MON	10/26/2007	130	\$0.18	\$22.75
Potash Corp.	POT	11/13/2007	85	0.10	8.50
ExxonMobil	XOM	12/10/2007	150	0.35	52.50
Strayer Education	STRA	12/10/2007	90	0.38	33.75
Fed Max-Cap	FISPX	12/11/2007	3867	3.21	12,398.57
Factset Research	FDS	12/18/2007	100	0.12	12.00
Lockheed Martin	LMT	12/18/2007	80	0.42	33.60
Vanguard Mid-Cap	VOT	12/27/2007	125	0.14	17.88
Vanguard Growth	VUG	12/27/2007	250	0.16	39.75
Fed Max-Cap	FISPX	12/31/2007	3993	0.12	459.18
Vanguard European ETF	VGK	12/31/2007	100	2.36	235.60

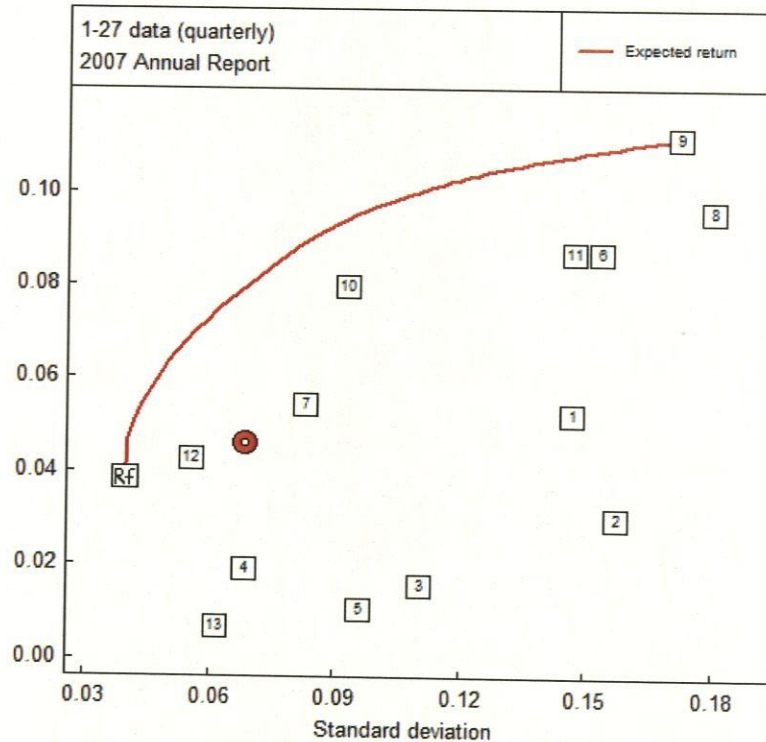
Total

\$15,388

The Financial Analyst Program Portfolio & The Efficient Frontier

The graph reflects historical returns for the assets in our current portfolio since January, 2001. The information is plotted based on historical quarterly returns of individual assets in the Portfolio (Y-axis), and the quarterly standard deviations (X-axis). Being on the efficient frontier line represents the ideal balance of risk and reward. The dark circle represents our portfolio allocation as of December 31, 2007. The graph shows the FAP portfolio achieved greater return, while taking on minimal additional risk relative to the S&P 500 (box 13). Given the Portfolio's standard deviation, we achieved an actual return less than the expected return, as calculated by the efficient frontier. However, the graph does not take into account our Electronically Traded Fund (ETF) holdings, due to recent inception dates and lack of historical data. Further, the current Portfolio position does not take into account buy and sell transactions since 2001. In short, this graph represents the result of buying and holding the listed assets beginning January, 2001.

Securities Not Included in Calculations: iShares S&P Global Telecommunications ETF [IXP]; SPDR S&P Metals and Mining ETF [XME]; Vanguard European ETF [VGK]; Vanguard Mid-Cap Growth ETF [VOT]; Vanguard Growth ETF [VUG]; Citadel Broadcasting Corp. [CDL]



FAP Portfolio Holdings (as of 12/31/07): (1) CAM (2) CVS (3) DIS (4) FISPX (5) IBM (6) JEC (7) LMT (8) MON (9) POT (10) SRCL (11) STRA (12) XOM

