This year under the leadership and oversight of President Muhammad Iqbal, Vice President Cole Cunningham and our new Faculty Advisor Dr. Annette Poulsen, SMIF implemented several new measures to facilitate class discussion and improve fund performance. All sectors were required to create and submit a weekly update on their sector’s performance and any relevant news. This raised expectations for students performance and facilitated lively (and sometimes heated) class discussion. All students were also required to complete Wall Street Prep’s financial modeling boot camp to improve their competence with Microsoft Excel, increasing their value to both SMIF and potential employers. As a value-focused fund, it is extremely important that our students be fully capable of conducting fundamental analysis for companies when looking for mispricing in their securities.

These measures proved to serve the fund well: for the first time since the fund’s inception (in Fall of 2007) we outperformed the S&P 500, posting a return of 3.76% and alpha of 4.05% for the period January 3-April 17, 2014 (note that we base the weighting of our fund by sector on the S&P 500’s weightings). More than half of the fund’s sectors outperformed the index, with Consumer Staples leading with an alpha of 20.7%.

The semester also included guest speakers from the BlackRock’s iShares ETF division, as well as several social events. Four students also had the opportunity to attend the G.A.M.E. forum in New York City, a conference for undergraduate and graduate investment funds from all around the country, hearing speakers from top investment banks and asset managers and participating in breakout sessions with students from other universities.
PORTFOLIO UPDATE

Breakdown by sector:

**Consumer Discretionary:**
During the Spring 2014 semester, the Consumer Discretionary team was made up of Samuel Kinsman, Kevin Blackburne, John Glenn, Erin Schultz, Elise Lind, and James Hanna. The sector started with existing positions in Ford (F), Costco (COST), and our sector ETF, XLY. The sector’s first trade was to sell its position in Costco to purchase shares in the global sports apparel and equipment retailer Nike, Inc. (NKE). Nike is competitively positioned with a strong brand, leading market share growth, and a global presence in an industry expected to outpace global GDP growth over the next 10 years. Furthermore, its comparatively low valuation (P/E) made it an attractive investment. Discretionary’s second trade was the purchase of GNC Holdings, Inc., a leading specialty retailer of health and wellness products, including vitamins, minerals, and herbal supplement products. The team viewed GNC’s growth as defensible due to its strong line of proprietary products not available from other brick and mortar or online retailers. Also, its franchise model utilizes a lower-risk strategy for entering new foreign markets. The Consumer Discretionary sector will end the semester with holdings in Nike, GNC, Ford (F), and the consumer discretionary sector ETF benchmark (XLY).

– Sam Kinsman

**Consumer Staples:**
The Consumer Staples sector comprised Sector Leader Saheedat Onifade and Junior Analysts Caroline Ptacek, John Austin Vance, J.W. Oxendine and James Denk. Staples began the semester with holdings in consumer giant Procter & Gamble (PG), and specialty coffeeemaker Keurig Green Mountain, Inc. (GMCR). The sector’s first trade of the semester was to divest its position in GMCR after a realized gain of 53.46%. The sector’s second and final trade of the semester was to purchase 250 shares of Newell Rubbermaid (NWL), a manufacturer of consumer and commercial products through five segments: Writing, Home Solution, Tools, Commercial Products, and Baby & Parenting. In preparation for the summer, the sector plans to hold its current positions in Procter & Gamble and Newell Rubbermaid.

– Saheedat Onifade

**Energy:**
The Energy/Utilities team was composed of Sector Leader Muhammad Iqbal and Student Analysts Colton Houseman, Lucie Ondraschkova, Michael Bohlmann and Tyler Jones during the Spring Semester. The Energy sector has outperformed its benchmark for three consecutive semesters now with an alpha this semester of 6.7%. This performance can be credited to Halliburton (HAL), Schlumberger (SLB) and Valero (VLO). HAL and SLB have been very active due to increased demand from oil companies to explore more oil, and VLO has done well due to the WTI-Brent spread and its geographic position in the Gulf. We no longer hold VLO as we reached our price target and the oil spread has decreased significantly. In addition to Halliburton and Schlumberger, we also hold Ensco (ESV) and TransCanada (TRP). We strongly believe that these four holdings have a lot of value left in them and will serve SMIF well, which is why we will be keeping them as we move into the next year.

– Muhammad Iqbal

**Financials:**
This semester the Financial Institutions Group was composed of Sector Leader Grant Grussing and Junior Analysts Blake Gardner, Alex Carlson, Alex Jordan and Gordy Duncan. Financials started the semester with holdings in asset manager BlackRock (BLK), conglomerate Berkshire Hathaway (BRK-B), and southeastern super-regional bank SunTrust (STI). The sector’s first trade of the semester was to purchase a position in Banco Bradesco (BBD), a private retail and investment bank in Brazil. Banco Bradesco controls the majority of market share in an industry with steadily increasing demand, and our analysis led us to believe that the company is undervalued relative to its peers. Financials’ second and final trade was to buy a position in Mastercard (MA), a credit card processor with a global focus, high margins and significant market share both at home and abroad. The sector plans to liquidate its holdings in SunTrust (STI) and to reduce its shares in BlackRock (BLK) and Berkshire Hathaway (BRK-B) for the summer.

– Grant Grussing

**Healthcare:**
Members of the Healthcare team this semester included Sector Leader Sarah Beatty and Junior Analysts Arpan Banav, Ashley Gibson, Baylor Banks and Wes Roberts. The sector started the semester with holdings in pharmaceuticals manufacturer AbbVie (ABBV), medical device manufacturer Becton, Dickinson and Company (BDX), and diversified Johnson & Johnson (JNJ). Healthcare’s first trade of the semester was to sell our position in JNJ and buy shares in Haemonetics (HAE), a blood collection and storage device manufacturer. Haemonetics controls the majority of market share in an industry with steadily increasing demand, and a comparable companies analysis led us to believe that the company is undervalued relative to its peers. Healthcare’s second and final trade was to sell our position in BDX and purchase shares of Varian Medical Systems (VAR), a medical device manufacturer specializing in oncology and radiotherapy systems and software with relatively high margins and significant domestic and international market share. The sector plans to liquidate our holdings in ABBV to buy shares in our sector ETF, XLV, and hold VAR heading into the summer break.

– Baylor Banks

**Industrials:**
The Industrials/Materials team this Spring was composed of Sector Leader Cole Cunningham and Senior Analysts Marc Goldner, Alina Jerjomina, Ravi Mehta and Cady Jones. The sector started the semester with holdings in diversified industrial manufacturer Siemens (SI) and railroad transportation & logistics freighter CH Robinson Worldwide (CHRW). The sector’s first trade of the semester was to sell our position in CHRW and buy shares in Dover (DOV), a diversified manufacturer. Dover is the market leader in many of its different areas of operation, and continues to grow both organically and by...
acquisition; our analysis led us to believe that the company is undervalued relative to its peers. Industrials’ second and final trade was to sell our position in SI and purchase shares of Boeing (BA), a dominant multinational company specializing in end-to-end aerospace manufacturing and flight systems with relatively high margins and significant market share both at home and abroad. The Industrials sector plans to liquidate our holdings in DOV, and hold BA heading into the summer break.

– Marc Goldner

Technology:
This semester’s Tech & Telecom team consisted of renowned analysts Kelly Sugrue, Alex Tiller, Max Trask, Matthew Armstrong, and Andrew Smith. The team entered the spring with positions in Apple (AAPL), Activision Blizzard (ATVI), Qualcomm (QCOM), and IBM (IBM). Following an outstanding quarterly report by Activision, we decided to exit our position and lock in the 15% gains fueled by the positive earnings surprise. We chose to invest in Sandisk (SNDK), a global leader in data storage products, and Hewlett-Packard Company (HPQ), one of the world’s largest technology hardware, storage, and peripherals companies. The tech team plans to liquidate our holdings in AAPL, IBM, SNDK, HPQ, and hold QCOM into the (hopefully) warmer months of the year.

– Andrew Smith

CORRECTION:
All figures are current as of April 2014.
During the past year, the SMIF Board of Directors and current students decided to create two new officer positions, Alumni Relations Co-Chairs, to increase communication and relationships with our alumni. We will be reaching out more often and planning events to increase interactions with SMIF students and alumni. If you will be in the Athens or Atlanta area and would like to participate in SMIF events, please contact Baylor Banks (banksbaylor@gmail.com) or Caroline Ptacek (crptacek@gmail.com). We are excited to welcome our new group of students and would love for you to meet them.

The SMIF sector mentor program was initiated this past year, and we are looking to continue to expand the program. Each sector was paired with an alumnus who advised students on industry news and trends. We are planning to continue the sector-mentoring program this next year, with required sector conference calls to gain insight from our more experienced alumni.

This past March, SMIF sent four students to New York City for the Quinnipiac University G.A.M.E. Forum. The G.A.M.E. Forum is an asset management conference where students have the opportunity to learn and interact with industry leaders. Students attended panels discussing the global economy, global markets, career opportunities and many other topics. We are planning to send more students next year along with a faculty advisor. The students will be participating in the pitch competition next year, and we will be arranging an alumni event with our New York City alumni. So for our New York alumni, be looking out for an opportunity to meet current SMIF students next March.