The University of Tulsa **Student Investment Fund**



2003 Annual Report

SIF History

The historical roots of the Student Investment Fund (SIF) date back to 1985 when The University of Tulsa's Department of Finance launched Friends of Finance (FOF). At that time, the idea for a SIF didn't even exist. The goal of FOF was to advance TU's finance program. The details of how to achieve this were yet to be developed. Alumni and friends were anxious to help.

A major boost to FOF came in 1990, when Frank Engle made a gift to establish the Finance Excellence Fund. His objective was to build the finance program by providing scholarships outstanding to students, attracting nationally prominent faculty, and supporting the activities of the Finance Department. The following year, the first FOF Finance Excellence Fund (FEF) Campaign was conducted. Eight individuals responded and contributed \$6,703. From that modest beginning, the FEF has grown dramatically. In 2003-04, 152 donors contributed almost \$100,000. Total FEF gifts amount to almost \$750,000.

In 1997, the University of Tulsa's Board of Trustees approved the Finance Department's request to establish a Student Investment Fund. Their decision would influence the education of TU students for years to come. Students now had the opportunity to gain real world investment management experience by managing the gifts made to the FEF.

The first SIF class enrolled in the summer of 1997 under the direction of Professor Larry Johnson. They developed the SIF Constitutional, By-Laws, and determined resource needs. In the spring of 1998,

\$300,000 was transferred to the SIF for management and the first trade was executed. Since then, the SIF portfolio has grown to more than \$700,000. Earnings from the portfolio have provided more than \$98,000 in funding for scholarship and fellowships for 77 students.

The department's vision in establishing the SIF was to provide a unique educational opportunity by allowing students experience a professional investment environment under the protective structure of the university. More than 150 students have experienced TU's SIF. They have had the opportunity to explore investment and strategies. theories In today's competitive business world, TU's SIF students have a clear edge for starting a career in finance.

SIF Portfolio Strategy

The portfolio strategy for the University of Tulsa's Student Investment Fund looks to provide a long-term growth through out the program and in doing so surpass the expectations put forth during the beginning of semester. The major goal each year is to create a higher return than the S&P 500. The fund tries to hold 20 securities without more than 25% in any industry and 7% in any security. We are able to choose strong growing companies regardless of sector. The fund only invests in securities, but does not consider options or the like.

When considering new securities, the students use multiple methods to determine the best securities for future investment. We choose companies that strong in the economy and have a driven management. Most of the companies are familiar within

the society, but a couple of the companies provide new inventions that could provide limitless expectations.

Through recent years the fund as with the market has experienced trouble with a poor economy. However, in 2003 the fund has turned around to create profit. The Student Investment Fund prides itself on putting forth the effort to make quality investments, which will provide long-term growth to the fund. Using strong work ethic and multiple evaluation methods the fund looks to provide a continuous profit in the future.

SIF Allocation

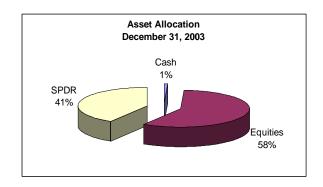
INVESTMENT POLICY

There are restrictions on the investment strategy of the fund, to ensure diversification of the portfolio:

- No more than 7% of the portfolio can be invested in a single stock
- No more than 25% of the portfolio can be invested in any one industry.
- At least 40% have to be invested in an S&P 500 Index fund.
- Financial derivatives cannot be used.
- Short sales are not allowed.
- Securities can not be purchased on margin.
- Individual securities must have a market capitalization of at least \$2.5 billion

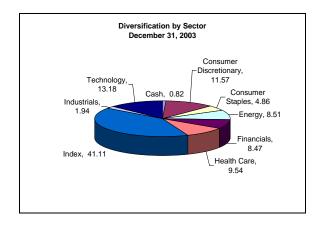
PORTFOLIO DISTRIBUTION

As shown in the chart below, the SIF Fund was almost completely invested at the end of 2003. The cash position was 1%.



SIF ASSET ALLOCATION

The sector percentages reported illustrate the amount of the Student Investment Fund invested in different industries. The sectors with the highest percentages are Technology, Consumer Discretionary, and Health Care.



On December 31, 2003, the fund held 20 securities. The following table is a summary of the SIF investment in each security.

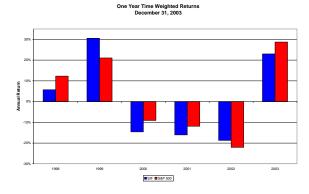
Equity Distribution

Company	Percent
Boston Properties	4.94
Electronic Arts	4.19
Genentech	4.11
Anheuser-Busch Companies	3.74
Bank of America	3.53
Best Buy	3.44
Zimmer Holdings Inc	3.30
Apache Corp.	3.26
Harley-Davidson, Inc.	3.13
Exxon Mobil	2.91
Dell Inc.	2.49

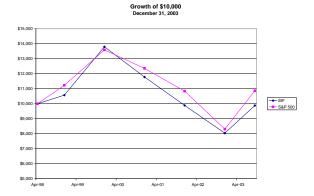
UT Starcom Inc	2.44
CNOOC LTD	2.34
Dollar General Corp	2.30
Gilead Sciences	2.13
Jet Blue Airways Corp	1.94
Cheesecake Factory	1.61
Microsoft Corporation	1.40
PepsiCo Inc	1.13
Abercrombie & Fitch	1.08

SIF Performance

At the end of 2003, the SIF portfolio contains 20 common stocks, and SPDR trust and Nasdaq 100 index tracking stock. The value of SPDR and Nasdaq-100 comprise 43.78% of the SIF holdings. For 2003, the SIF portfolio's total return was 22.97%, compared to the S&P 500's annual return of 28.69%. Over the life of the SIF, a total return of -1.19% has been realized, compared to 8.66% for the S&P 500 over the same period. A comparison of the annual total returns for the SIF and the S&P500 is provided in the following graph.



The SIF has outperformed the S&P 500 in year 1999 and 2002 and underperformed the S&P 500 in other years. The graph below illustrates the cumulative result of a hypothetical \$10,000 investment at the beginning of the SIF fund. At the end of 2003, the SIF would have been valued at \$9,881 while an investor in the S&P 500 could have had \$10,866.



Scholarship Recipients

Each year a number of students receive scholarships or fellowships from the earnings of the SIF. This year 17 students received \$25,500 in scholarships and fellowships. All recipients were undergraduate Finance majors or MS in Finance students.

Finance Excellence Scholarships	
Nicholas Agimudie	
Michael Allred	
Andrew Conway	
Michael Denning	
Jordan Friesen	
Matthew Garrett	
Naomi Gauman	
Michael Haynes	
Becky Ross	
Rachel Wuerflein	
James W. Vaiden Finance Excellence Scholarship	
David Kay	
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CFS Finance Excellence Scholarship	
Zachary Ingraham	
Frank M. Engle Finance Excellence Scholarship	
Amanda Troxell	
Robert G. & Betty J. Hess	
Finance Excellence Scholarship	
Kelly Allen Luelf	
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Finance Excellence Fellowships	
Yingying Shao	
Wes Verdel	
Chad White	

Security Templates