

SMIF September 27, 2011

Morning: Agenda

1. Concerns/Opening Ideas
 - a. Approval of 9/22 Minutes
 - b. Pick Up Clickers!
 - c. Teachers' Comments/New Topics
2. Buy, Hold, Sell Presentations
 - a. EFA
 - i. 120/830 holdings represent 86% of the portfolio
 - ii. Don't see it going higher than \$54
 - iii. Uncertainty in Euro/Japan, high weight in financials
 - iv. Negative HPR on a large # of securities within ETF
 - v. Official motion by Arvi Mohan to sell the security
 1. Seconded by Andrew Van Valkenberg
 2. Vote 19-1 to sell the security
 - a. Motion for a market order by Andrew Van Valkenberg
 - i. Seconded by Arvi Mohan
 - ii. Vote 12/25 fails
 - iii. Potential upside potential seen by some SMIF members
 - b. VDE
 - i. This security is primarily a play on Oil prices
 - ii. HPR -16% since February
 - iii. 97% US
 - iv. 22% Exxon, 11% chevron, 6.5% Schlumberger;
 1. 61% of AUM in top-10 holdings
 - v. OPEC could have tremendous effect on prices; looking to cut supply in near term to raise oil prices
 - vi. Tremendous energy growth predicted in China, India
 - vii. Recommendation; Hold until oil prices hit \$90/barrel
 - c. BLV
 - i. High quality U.S. credit with attractive return
 - ii. VERY long duration
 - iii. Risk due to interest rate risk (longer dated fixed income) and credit risk almost non-existent
 - iv. Far too much uncertainty in fixed income, looks like we're at a high
 - v. Recommend: Sell
 1. Ryan Tomasello suggests getting into shorter-term fixed-income securities with lower durations and less risk
 2. Motion to sell by Tom Brown
 - a. Seconded by Toby Davis
 - i. 19 votes to sell, 2 holds vote passes

- d. IBM
 - i. Very strong revenues
 - ii. 100% Return over past 3 years vs. 0% for S&P
 - iii. Continued growth predicted
 - iv. Two large acquisitions recently made
 - e. HYG
 - i. Credit rating of fund is B-minus
 - 1. Seems pessimistic based upon allocations
 - ii. Avg maturity roughly 5 years
 - iii. Very high volatility currently for credit
 - iv. ETF does not track index very well
 - v. Currently very few high-yield debt issuances; investor tolerance very low for high-yield debt
 - vi. Motion to sell by David Rold
 - 1. Motion Seconded by Erin
 - 2. Motion Passes 19 sell, 5 holds
 - f. PGJ
 - g. TEVA
3. Professor Comments

Afternoon:

Agenda

1. Concerns/Opening Ideas
 - a. Approval of 9/27 11:00 AM Minutes
 - b. Pick Up Clickers!
 - c. Teachers' Comments/New Topics
2. Buy, Hold, Sell Presentations – Any Remaining
3. Sector Reports
4. Economic Report and Asset Allocation Discussion
5. Professor Comments
6. Investment Policy Statement and Charter Quiz

Extra Information

1. Holding Update 10/2 by 7:00 pm on Sunday
2. PLEASE CHECK YOUR EMAIL!
3. 10/6 - In Class visit by Frank Schreiner
4. 11/9 – 12pm Lunch visit by Bill Vogl
5. Please be mindful of the motion process in order to limit unnecessary votes