

UMBC Student Investment Fund Report

Course Instructor: Chunming Yuan
Faculty Committee: Mike Bradley, Scott Farrow
Douglas Lamdin, Chunming Yuan

The UMBC Student Investment Fund (“SIF” or “the Fund”) was established in April 2010 with \$20,000 provided by the Provost Office. The primary objective of the Fund is to provide participating students an opportunity to gain valuable hands-on experience in security research, valuation of risky assets, asset allocation, and portfolio management, and, in turn, to increase the marketability of UMBC students in industries such as equity research, investment banking, commercial banking, and corporate finance. The second objective of the Fund is to achieve long-term capital growth and, particularly, to outperform the Standard and Poor’s (S&P) 500 Index on a risk-adjusted basis. Additionally, the Fund focuses on strengthening ties with the business community and attracting new outside funds to the initial endowment.

The UMBC Student Investment Fund is incorporated in an upper-level financial economics course, *Portfolio Analysis and Management (Econ 476/676)* taught by Dr. Chunming Yuan. Students enrolled in this course act as security analysts and portfolio managers. They engage in activities that include designing long-term investment strategies, conducting in-depth security analysis and presenting security research reports, developing economic and industry outlooks, making investment decisions, monitoring and evaluating portfolio performance, and making adjustments to holdings. The fund is also governed by the Advisory Committee which is mainly composed of economics faculty members (Michael Bradley, Scott Farrow, Doug Lamdin, and Chunming Yuan) and UMBC alumni (Brian Kelly and Zach Wood).

I. A Snapshot of the Portfolio

As of April 11, 2012, the Fund ends with a balance of \$24,134, a 20.5% gain over two years. A snapshot of the Fund is shown below.

T. Rowe Price Accounts Total as of 04/11/2012

\$24,134.93

Account Description	Account #	Symbol	Quantity	\$ Price	\$ Change	\$ Market Value
Corporate (Douglas J. Lamdin, The University Of Maryland Foundation, Inc, Robert Scott Farrow, Chunming Yuan, Pamela Purcell)						\$7,608.70
Blue Chip Growth - Corporate - Related	2785896701-9	TRBCX	67.239	\$45.37	0.48	\$3,050.63
Prime Reserve - Corporate - Sweep - Related	4040436408-5	PRRXX	2,084.800	\$1.00	0.00	\$2,084.80
Small-Cap Stock - Corporate - Related	2785967469-9	OTCFX	72.530	\$34.10	0.50	\$2,473.27
Corporate (Douglas J. Lamdin, The University Of Maryland Foundation, Inc, Joyce Romanoff Marx, Robert Scott Farrow, Chunming Yuan)						\$16,526.23
Brokerage - Corporate - Related *	30Q28654-1	+ Show Positions	Brokerage Balances as of 04/11/2012 12:00 AM		0.00	\$16,526.23



A. Stocks

The Fund is currently invested in the 13 stocks (the Harbin Electric Inc. Harbin Electric became a wholly-owned subsidiary of Tech Full Electric Company Limited and was delisted on June 19, 2011). The summary of the purchases and stock performance is shown below:

Stock Symbol	Company	Shares	Purchase Price	Current Price*	Change	Current Value	Sector/Industry
AAPL	APPLE INC COM	4	\$255.00	\$627.30	146.00%	\$2,509.19	Technology/Personal Computers
AMAT	APPLIED MATERIALS INC	70	\$13.93	\$12.11	-13.07%	\$847.70	Technology/Semiconductor Equipment & Materials
BAC	BANK OF AMERICA COM	71	\$16.80	\$8.99	-46.52%	\$637.94	Financial/Regional - Mid-Atlantic Banks
DIS	DISNEY WALT CO DISNEY CO	34	\$35.22	\$41.94	19.08%	\$1,425.99	Services/Entertainment - Diversified
ESRX	EXPRESS SCRIPTS INC.	24	\$50.00	\$56.99	13.98%	\$1,367.76	Services/Drugs Wholesale
FE	FIRSTENERGY CORP COM	30	\$39.55	\$45.02	13.83%	\$1,350.56	Utilities/Electric Utilities
HRBN*	HARBIN ELEC INC COM	44	\$17.00	\$24.00	41.18%	\$1,056.00	Industrial Goods/Industrial Electrical Equipment
MA	MASTERCARD INC CL A COM	5	\$256.57	\$432.53	68.58%	\$2,162.65	Business Services/Business Services
MAT	MATTEL INC COM	29	\$25.57	\$34.29	34.10%	\$994.41	Consumer Goods/Toys & Games
MHP	MCGRAW HILL COMPANIES INC	34	\$35.72	\$48.81	36.65%	\$1,659.54	Media/Publishing - Books
PG	PROCTER & GAMBLE CO COM	20	\$60.00	\$66.00	10.00%	\$1,320.00	Consumer Goods/Personal Products
RIG	TRANSOCEAN LTD	13	\$89.05	\$49.40	-44.53%	\$642.20	Basic Materials/Oil & Gas Drilling & Exploration
RTN	RAYTHEON CO COM NEW	15	\$48.34	\$52.41	8.42%	\$786.15	Industrial Goods/Aerospace/Defense
WM	WASTE MGMT INC COM	35	\$34.65	\$35.39	2.14%	\$1,238.65	Industrial Goods/Waste Management
TRBCX	T. ROWE PRICE-BLUE CHIP GROWTH	67.15	\$37.23	\$45.37	21.86%	\$3,050.63	Mutual Funds
OTCFX	T. ROWE PRICE-SMALL CAP STOCK	65.89	\$37.94	\$34.10	-10.12%	\$2,473.27	Mutual Funds
PRRXX	T. ROWE PRICE-PRIME RESERVE	2084.8	\$1.00	\$1.00	0.00%	\$2,084.80	Money Market Fund (Cash)

Total Portfolio Value: \$24,134.93

HRBN*: Harbin Electric became a wholly-owned subsidiary of Tech Full Electric Company Limited ("Tech Full Electric").

*Price quoted from Yahoo at 15:30ET, APR 11, 2012

(1) Big Winners: Apple Inc (146%), MasterCard Inc (68.6%), Harbin Electric (41.2%), McGraw Hill (36.7%), and Mattel Inc (34.1%).

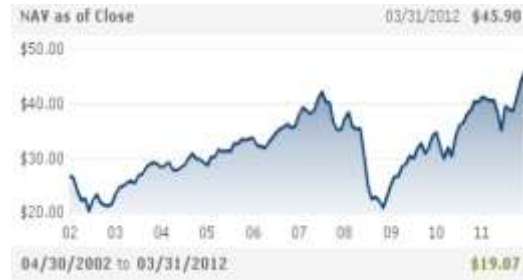
(2) Big Losers: Bank of America (-46.5%) and Transocean Ltd (-44.5%).

B. Mutual Funds

The Fund is currently holding two T. Rowe Price mutual Funds, the Blue Chip Growth (starting from 11/22/2010) and the Small-Cap Stock (starting from 05/13/2011).

(1) The quick stats and performance of the Blue Chip Growth Fund

Current NAV as of 04/11/2012	\$45.37
NAV Change	\$0.48
Net Assets as of 02/29/2012	\$13,399.88 Million
Daily YTD Return as of 04/11/2012	17.39%
Three Month Return as of 03/31/2012	18.76%
Expense Ratio as of 12/31/2010	0.77%



10 Largest Holdings

Quarter-End Top Holdings with Weightings

Represents 36.82 % of Total Net Assets

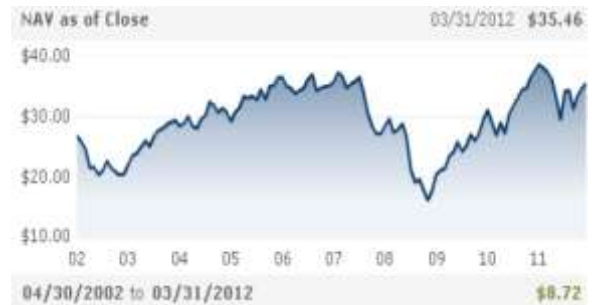
View Holdings as of:

Amazon.com Inc
Apple
Baidu
Danaher
Google
MasterCard
Praxair
QUALCOMM
Starbucks
priceline.com

As of 03/31/2012 the Blue Chip Growth Fund had a total of 137 holdings.

(2) The quick stats and performance of the Small-Cap Stock Fund

Current NAV as of 04/11/2012	\$34.10
NAV Change	\$0.50
Net Assets as of 02/29/2012	\$7,132.67 Million
Daily YTD Return as of 04/11/2012	9.12%
Three Month Return as of 03/31/2012	13.47%
Expense Ratio as of 12/31/2010	0.92%



10 Largest Holdings

Quarter-End Top Holdings with Weightings

Represents 10.11 % of Total Net Assets

View Holdings as of:

AMERIGROUP

ANN INC

Acuity Brands

Brunswick Corp/DE

Oasis Petroleum

Regeneron Pharmaceuticals

Rockwood Holdings

Signature Bank

Valmont Industries

Zumiez

As of 03/31/2012 the Small-Cap Stock Fund had a total of 330 holdings.

II. Portfolio Performance Comparison

SIF Return	
entire portfolio	20.5%
stock portfolio	25.5%
mutual funds	10.5%

S&P 500	
since 04/06/2010	15.1%
since 11/22/2010	14.3%
since 05/13/2011	2.3%

Portfolio and S&P500 values quoted from Yahoo
at 15:30ET, April 11, 2012

To date, the Fund performs well and beat the market benchmark by about 5 percentage points.

II. Operation of the Fund

All students in the class first were required to participate in an online stock trading simulation project through StockTrak. Through this 7- or 10-week simulation project, students can trade various securities in a hypothetical portfolio by investing in bonds, stocks, government securities, mutual funds, foreign exchanges, and other financial assets. Thus, students can familiarize themselves with the investment environment and build up necessary trading experience.

In the second stage, students are assigned into teams to conduct security analysis, prepare reports, and make presentations to the class. The class then makes a vote on all the recommendations suggested by these investment teams based on their presentation. The favored investment recommendations would be presented to the faculty advisory committee for approval. The faculty advisory committee makes the final decision and executed the trades.

Students are generally assigned into 6 sector teams, each of which works on two of the following sectors:

- (1). Business Services
- (2). Consumer Goods
- (3). Consumer Services
- (4). Energy
- (5). Financial Services
- (6). Hardware
- (7). Health Care
- (8). Industrial Materials
- (9). Media
- (10). Software
- (11). Telecommunications
- (12). Utilities
- (13). Mutual Funds
- (14). Bonds

In search for good securities, teams were suggested to consider the following aspects (not limited to) such as:

- (1). firm's background, industry prospects, sector competition;
- (2). firm's management: growth plan, financial control, funding freedom, policy toward outside shareholders;
- (3). Earnings/Profitability: predictable growth, high and stable margins, stable and controllable cost structure, high ROE/ROA (return on equity, return on assets);
- (4). financial analysis: degree of leverage, strong financial ratios, and strong cash flows.

Attached: 1. Snapshot of SIF webpage

2. Sample of stock recommendation Summary;
3. Class vote results.