



The Student Investment Fund

Annual Report

The College of New Jersey

The Student Investment Fund
November 30, 2010

LETTER FROM THE MANAGEMENT TEAM

The fiscal year 2010 was another prosperous year for The Student Investment Fund at The College of New Jersey. **The Fund saw an annual return of 11.6% compared to 6.2% growth in the Standard & Poor's 500 Composite Index.** Our team of portfolio managers analyzed market trends and adjusted the Fund's holdings to take advantage of new growth and value opportunities. Additions to the portfolio this past year included TEVA Pharmaceuticals Industry Ltd., PartnerRe Ltd., International Business Machines Corp., and Healthcare Realty Trust, Inc.

The future success of the portfolio is contingent upon the talent and dedication of the participating fund managers. Fortunately, past performance has shown that students at The College of New Jersey have been well prepared through their business education to actively manage a debt and equity portfolio. As senior fund managers graduate and move onto their business careers, newly motivated students take their coveted positions and offer fresh insight into the composition and management of the Fund's portfolio.

Similar to any publicly held company, the Fund's ability to grow and offer value depends on the willingness of investors to provide capital. Your generous donations supply our student fund managers with the resources necessary to fulfill real world implementation of their investment strategies. Not only does the Fund provide business students at The College of New Jersey with invaluable investing experience, but in the future will provide exceptional business students with scholarships to further their education.

With your continued support, The Student Investment Fund at The College of New Jersey will continue to grow and offer students valuable investment training and financial assistance.

Thank you,

The College of New Jersey Student Investment Fund

LETTER FROM FACULTY ADVISOR

I started the student investment fund to provide students, primarily finance majors, with an opportunity to make real investment decisions involving real money. During the last ten years, over 250 students have played a part in determining the portfolio's allocation and selecting individual securities to buy or sell. This process has greatly improved the participants' analytical and presentation skills. When the first class met in 2000, the S&P 500 exceeded 1400. When this semester's class started, the index stood at 1080. It has been a challenging environment in which to make investments, but through continued contributions, dividend and interest income, price appreciation in specific stocks, and the magic of compounding, the value of the fund has grown to \$200,000. Beginning in fall 2011, the fund will start to award financial aid to finance majors. I invite you to contribute to the fund, and I will personally MATCH the first 50 contributions up to \$1,000 each through December 2011. To make a contribution, please use the form provided on page 5.

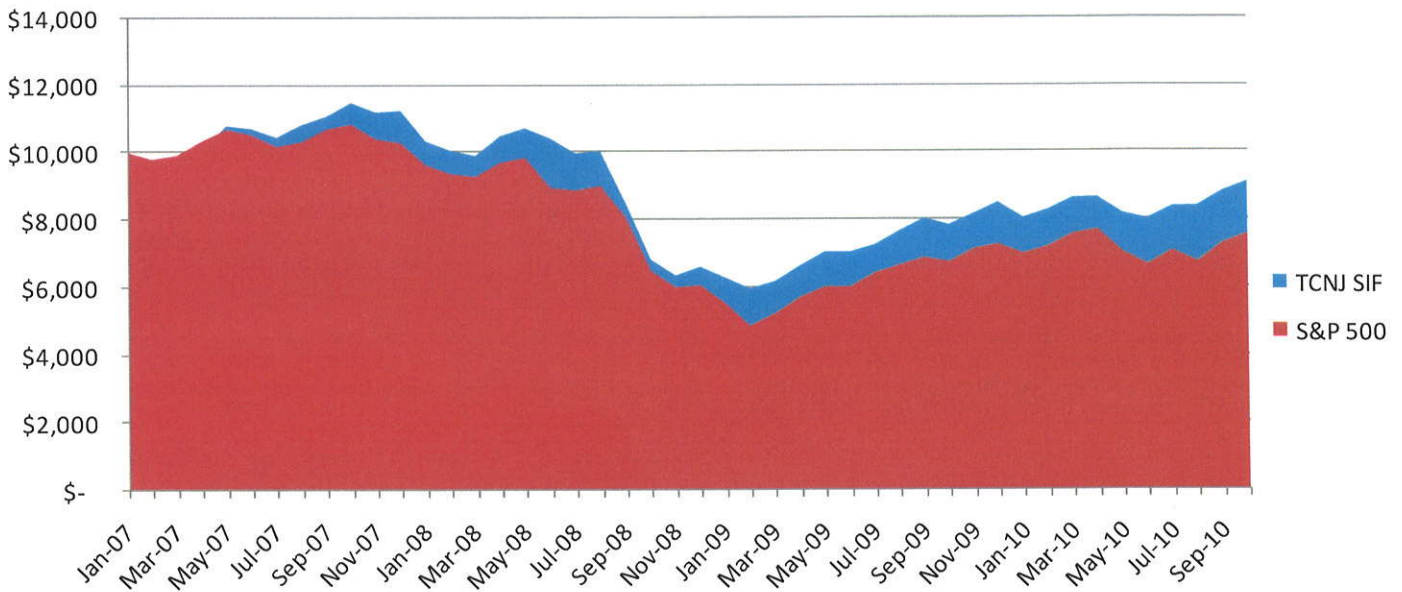
Best Regards,

Dr. Herbert Mayo

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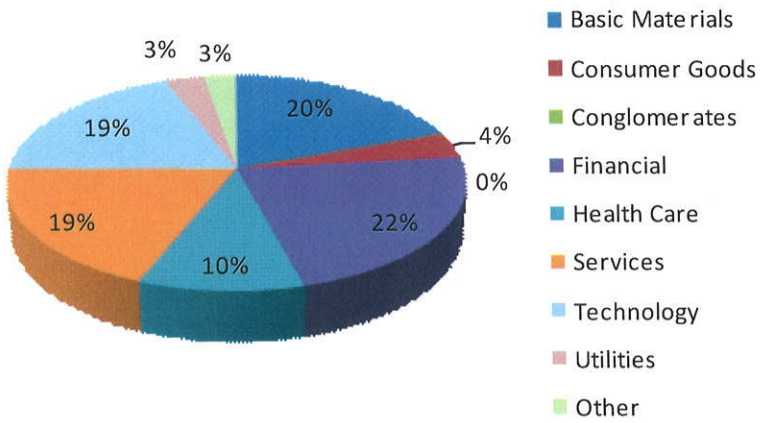
Value of a \$10,000 Investment (January 2007-October 2010)



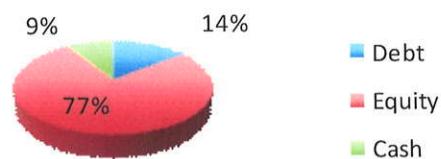
Key Holdings		
Company	Shares	Percent of Portfolio
Walt Disney Co. (DIS)	311	7.2%
Goldman Sachs (GS)	66	7.1%
Alliance Resource Partners, LP (ARLP)	175	6.9%
Teva Pharmaceutical Industries Ltd. (TEVA)	200	6.6%
Lufkin Industries Inc. (LUFK)	200	6.5%

Portfolio Allocation	
Debt	\$29,203 14%
Equity	\$154,900 77%
Cash	\$18,030 9%
Total Value	\$202,133 100%

Sector Equity Allocation



Portfolio Allocation



Positioning for Growth: Brazilian ETF

The iShares MSCI Brazil Index fund (EWZ) is an ETF that aims to track the core holdings of MSCI Brazil. The fund has \$10.4 billion in total assets, a yield of 3.37%, and the total market capitalization of \$11.7 billion.

Our fund took a position on November 5, 2010, with the purchase of 50 shares. The buy decision was based in large part on the macro-economic figures for Brazil

as well as increasing commodity prices. This emerging market boasts a relatively low 6.73% unemployment rate, with economic growth expected to be at 7.5% for the current year, and 5% for 2011. These strong macro figures, along with being ranked third in direct foreign Investment, have led to a strong surge in Brazil's middle class. From 2003-2009, the country's middle class grew by 36 million people, halving its

poverty level as a percentage of population to 15.3%, and millions more are expected to join this growing middle class over the next four years.

Increased commodity prices, due in part to increased global demand and the weakening dollar, also may prove to be beneficial to this fund. The materials and energy sectors comprise over 36% of EWZ, and this Brazilian ETF is highly correlated to raw material prices.



Current Economic Climate

The United States is about three years removed from what could be categorized as the worst economic meltdown since the Great Depression from 1929 to 1933. Looking forward, many factors underlie the global market, making sound investing a difficult task for even for the most sophisticated investors. The Student Investment Fund portfolio team has highlighted some important challenges facing the continued global economic recovery and the investment policy of the Fund. The first wave of the second quantitative (QE2) easing plan is being implemented, consist-

ing of purchases of up to \$600 billion worth of treasuries over the next year. This policy has been implemented by Federal Reserve Chairman Ben Bernanke in an effort to stimulate inflation and economic activity. It has received much criticism from the investment community, mainly due to the third quarter economic data which shows continued improvement in the U.S. economy.

Commodity prices are also a major concern for the overall economy. Pressure from emerging markets continues to play a pivotal role in rising commodity

prices, along with the influx of cheap U.S. dollars made available by the Federal Reserve's QE2 strategy. Gold also continues to reach new highs with global economic uncertainty, currency, and inflationary fears plaguing investors who seek this asset to hedge their portfolios.

The financial services industry continues to be plagued by issues related to the subprime housing market and credit crisis of late 2007. Major lenders and financial institutions still face significant uncertainty related to sub-prime lending and write-offs of worthless assets. Despite the major concerns surrounding the

global economy, there are some positive statistics. The Gross Domestic Product increased 1.7% in the second quarter and 2.5% in the third quarter of 2010. According to the Bureau of Economic Analysis, the increase in personal consumption expenditures, private inventory investment, and government spending are the main factors in the GDP growth. The retail industry has also seen improved performance, with October 2010 retail trade and food services figures increasing over September.

Growth Opportunities

The College of New Jersey Student Investment Fund is over-weighted in the energy and financial sectors. The Fund believes that there will be significant growth in demand for energy from emerging markets in Brazil, Russia, India, and China.

Since this growth should benefit the sector as a whole, we have assumed a broad portfolio of energy stocks. Our investments in Exxon Mobil, Chesapeake Energy and Alliance Resource Partners provide us with exposure to, oil, natu-

ral gas and coal; in addition, we own Lufkin Industries, a provider of oilfield services and equipment.

The Fund is also over-weighted in financials as the financial sector is typically the precursor to growth in the

economy. With the stabilization of the financial sector and the deployment of available cheap capital, the Fund seeks to benefit from the growth and recovery of the sector as a whole.



Recognition of Student Investment Fund Donors

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Jeff Cozzetto '04	Kristofer Kerekes '01	Lee Philbrick '98	Nikolas Vrettos '04
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Rosemary Ewing	Gregory Lofgren '97	Danielle Santiago '92	
John Fekete '94	Suzanne Lucas '93	Gregory Schelli '02	

*Donor Records Provided by ____



Portfolio Management Team



Portfolio Management Team Fall 2010

Seated Left to Right: Garrett Hoffman, Matthew Turner, Nicole Inganamorte, Kyle Gesuelli, Gregory Rindosh
Standing Left to Right: William Ludlow, Franco Difabio, Kristopher Fong, Michael Herb, Jonathan Steinway, Andrew Miller
Not Pictured: Joe Krajack, Stephen Gadda

THE STUDENT INVESTMENT FUND

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