

SALES & TRADING REPORT

**UMBS STUDENT MANAGED FUND:
A Core Mid-Cap Equity Fund**

**ACC/FIN 725, Section 1
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By

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UMBS Student Managed Fund:

A Core Mid Cap Equity Fund

Overview of Fund Investment Objective and Strategies

Fund Facts:

Objective: Long-term capital appreciation

Benchmark: S&P MidCap 400 Index

Investment Focus: Stocks of mid-capitalization U. S. companies

Investment Style: Quantitative, applied to mid-cap growth and value (blend) stocks

Investment Objective:

The Fund seeks long-term appreciation of capital. The Fund seeks this objective through a broadly diversified portfolio of equity securities within the approximate range of the market capitalization of companies constituting the S&P MidCap 400 Index.

Principal Investment Strategies:

Equity Securities. The Fund's investments are selected using a combination of quantitative techniques and fundamental research in seeking to maximize the Fund's expected return, while maintaining risk, style, capitalization and industry characteristics similar to the S&P MidCap 400 Index. Potential stock selections are initially generated using quantitative screening techniques based on fundamental valuation, earnings quality and momentum signals. Final stock selections are made after a detailed fundamental analysis of each stock. While the Fund invests in a blend of value and growth stocks, growth stocks are only included to the extent that they are priced attractively relative to their growth prospects. The Fund uses the BARRA U.S. Equity Model to restrict its expected tracking error (active risk) relative to the S&P MidCap 400 Index to 5% per year.

Exchange Traded Funds. Given its limited size, the Fund may invest in exchange traded funds (ETFs) that track US equity indices (such as MidCap Standard & Poor's Depository Receipts) in order to achieve the joint goals of minimizing active risk and limiting transaction costs. The Fund invests, under normal circumstances, at least 90% of its total assets in a combination of equity securities and ETFs.

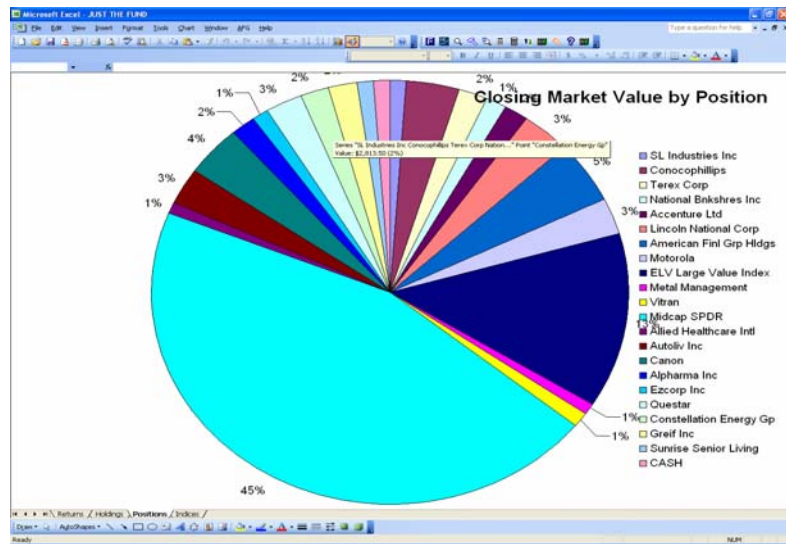
Other Investments. The Fund's other investments are limited to securities that are considered cash equivalents.

Additional Investment Restrictions. The Fund's investments in equity securities are limited to the common stock of companies with market capitalizations of at least \$50 million. Further, these securities must be traded on either the NYSE, Amex or NASDAQ NMS security exchanges. The Fund's investments in other investment securities are limited to securities that are intended to track the S&P 400 Mid Cap 400 Index. Investments in cash equivalents are restricted to money market funds investing primarily in high quality money market instruments with an average maturity of 90 days or less.

The Fund is not permitted to borrow money from banks or other financial institutions (including margin loans). The Fund is not required to immediately divest itself of any security held by the Fund simply because that security's characteristics change while it is held by The Fund such that they no longer adhere to the above restrictions. However, the Fund must divest itself of any security whose characteristics change such that they violate the above restrictions continuously for a period longer than six months. The fund will be obligated to maintain compliance with the University of Michigan's investment policies, and will report any deviations from such policies promptly to the UM Chief Investment Officer.

Fund holdings as of December 13, 2005

The UMBS student managed fund has its largest holdings in the Midcap SPDR (45%) followed by the ELV large value index (13%). The fund also includes the stocks purchased from the stock pitches from this semester. The new stocks include Alpha Pharma Inc (ALO), Accenture Ltd (ACN). The transactions for the other stocks are yet to be completed. The trade list at the end of the report gives the list of the new stocks purchased.



Fund performance as of December 13, 2005

As of December 13, 2005 the UMBS student managed fund was performing better than the benchmark S&P Midcap. The actual return of the fund since its inception is about 70%.



Transactions from September 07, 2005 thru December 07, 2005

Trade Date	Settlement Date	Symbol/CUSIP	Transaction Type	Quantity	Price	Amount
12/7/2005	12/12/2005	ACN	Purchase	100	\$28.80	-2886.00
12/7/2005	12/12/2005	ALO	Purchase	100	\$29.05	-2911.00
	12/12/2005	STR	Dividend			11.25
	12/8/2005	ALV	Dividend			32.00
	12/1/2005	NKSH	Dividend			36.00
	12/1/2005	COP	Dividend			31.00
	11/30/2005	MLRAX	Stock Dividend	6		0.00
11/9/2005	11/15/2005	BHS	Sale	-100	\$51.42	5138.75
11/4/2005	11/9/2005	MDTH	Sale	-50	\$18.56	924.96
	11/1/2005	LNC	Dividend			36.50
	10/31/2005	MLRAX	Stock Dividend	1		
	10/31/2005	MDY	Dividend			18.26
	10/31/2005	MDY	Dividend			140.10
	10/25/2005	AFG	Dividend			25.00
	10/14/2005	MOT	Dividend			8.00
	10/7/2005	SRZ	DUBB	-50		0
	10/3/2005	GEF	Dividend			12.00
	10/3/2005	CEG	Dividend			16.75
09/26/2005	09/30/2005	MDY	Purchase	30	\$127.68	-3832.20
09/26/2005	09/30/2005	DCN	Sale	-200	\$8.90	1767.92
09/26/2005	09/30/2005	TTMI	Sale	-200	\$6.77	1341.94
	09/26/2005	ELV	Stock Dividend	150		3109.86

Securities sold during the semester

TTMI Technologies Inc (TTMI) was sold on 26 September, 2005. The sale price was \$6.77. The current price of the stock is \$9.00. Since the price dropped considerably during that period, it was optimal for us to sell the stock. Even though the price has increased since then, the stock is very volatile.



Dana Corp (DCN) was sold on September 26, 2005. The price of Dana plunged after announcements came about selling of three businesses and closure of plants as part of restructuring efforts to reduce costs. The stock price has dropped significantly since then. The stock was sold at \$8.9 and it is currently trading at about \$6.9.



Medcath Corporation (MDTH) was sold November 15, 2005. The sale price of the stock was \$18.56. It is currently trading at \$18.76.



Brookfield Homes (BHS) was sold on November 09, 2005. The sale price was \$51.42. The current price is \$51.77. The catalyst for this sale is tender offer. On October 14, 2005, they commenced a tender offer to purchase up to 3,000,000 shares of their outstanding common stock, at a price per share of \$55.00, for an aggregate payment of \$165 million if the maximum number of shares is repurchased.



Stock Pitches in various sectors

ALPHARMA (ALO)

Sector	HealthCare
Voted Alpha	0.10
Selected	Yes
Shares bought	100
Weightage	1.85%

Alpharma, Inc., a global specialty pharmaceutical company, engages in the development, manufacture, and marketing of specialty generic human pharmaceutical and animal pharmaceutical products. The company offers a range of generic human pharmaceutical products in tablet, capsule, liquid, and topical formulations

and dosage forms. It operates in five segments: Active Pharmaceutical Ingredients (API), Branded Pharmaceuticals (BP), International Generics (IG), U.S. Generic Pharmaceuticals (USG), and Animal Health (AH).

**VILLAGE SUPERMARKET (VLGEA)**

Sector	Consumer Staples
Voted Alpha	0.0762
Selected	No
Shares bought	-
Weightage	-

Village Super Market, Inc. operates a chain of Shop Rite supermarkets in the United States. The company operates specialty departments; an onsite bakery; and delicatessen, including prepared foods, a natural and organic food section, ethnic and international foods, and seafood section. Its superstores also offer nonfood items, such as cut flowers, health and beauty aids, greeting cards, small appliances, film processing, and pharmacy. The company also operates one liquor store. As of July 31, 2004, it operated 23 supermarkets of which 16 supermarkets were in northern



New Jersey, 1 supermarket in northeastern Pennsylvania, and 6 supermarkets in the southern shore area of New Jersey. Village Super Market, Inc. was founded in 1933 and is based in Springfield, New Jersey.

NATIONWIDE FINANCIAL SERVICES (NFS)

Sector	Consumer Staples
Voted Alpha	0.0310
Selected	No
Shares bought	-
Weightage	-

Nationwide Financial Services, Inc. (NFS), through its subsidiaries, provides long-term savings and retirement products in the United States of America. It develops and sells a range of products, including individual annuities, private and public group retirement plans, and other investment products sold to institutions, life insurance, and advisory services. The company operates in three



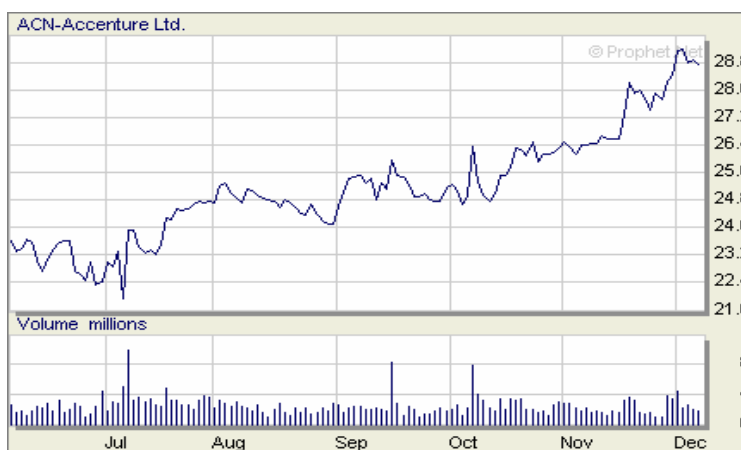
segments: Individual Investments, Retirement Plans, and Individual Protection. The Individual Investments segment consists of individual The BEST of AMERICA and private label deferred variable annuity products, NFN individual annuity products, deferred fixed annuity products, income products, and advisory services. The Retirement Plans segment comprises its private and public-sector retirement plans. The Individual Protection segment consists of investment life insurance products, including individual variable, corporate-owned and bank-owned life insurance products, traditional life insurance products, and universal life insurance. NFS sells its products through unaffiliated entities that sell these products to their own customer base, including independent broker/dealers, wirehouse and regional firms, financial institutions, pension plan administrators, life insurance specialists, and certified public accounting firms, as well as distributes retirement savings products through the agency distribution force. The company was formed in 1996 and is based in Columbus, Ohio. Nationwide Financial Services, Inc. is a subsidiary of Nationwide Corporation.

ACCENTURE (ACN)

Sector	Consumer Staples
Voted Alpha	0.1071
Selected	Yes
Shares bought	100
Weightage	1.76%

Sector :Information Technology

Accenture Ltd., through its subsidiaries, offers management consulting, technology, and outsourcing services worldwide. It operates in five segments: Communications and High Tech (CHT), Financial Services (FS), Products and Services (PS), Resources (RS), and Government. The CHT segment offers management consulting,



technology, systems integration, and business process outsourcing services and solutions to the communications, electronics, high technology, media, and entertainment industries. The FS segment offers outsourcing strategies and customer relationship management initiative services for the banking, capital markets, and insurance sectors. The PS segment serves automotive, consumer goods and services, health and life sciences, industrial equipment, retail, and transportation and travel service groups. The RS segment serves the chemicals, energy, forest products, metals and mining, utilities, and related industries. Its Government segment serves the defense, revenue, human services, government health, justice, postal, education, electoral authorities, and government organizations, as well as local governments. This segment also provides processing services in areas, such as human resources, social services, ticketing and tolling, collections, and procurement. The company also provides consulting services in the areas of human performance; strategy; customer relationship, finance and performance, and supply chain management, as well as provides various technology services, including information management, integration, infrastructure consulting, information technology strategy and transformation, and research and development services; and Microsoft, mobile, and enterprise solutions. Its outsourcing services include business process, application, and infrastructure outsourcing services. The company was formerly known as Andersen Consulting and changed its name to Accenture, Ltd. in 2001. Accenture, Ltd. is based in Hamilton, Bermuda.

CENTENNIAL COMMUNICATIONS CORP (CYCL)

Sector	Telecommunications
Voted Alpha	0.0671
Selected	No
Shares bought	-
Weightage	-

Centennial Communications Corp. and its subsidiaries provide wireless and broadband telecommunications services. The company provides wireless network access and other services to wireless telephone subscribers in Puerto Rico, the Dominican Republic, and the United States Virgin Islands. It provides various

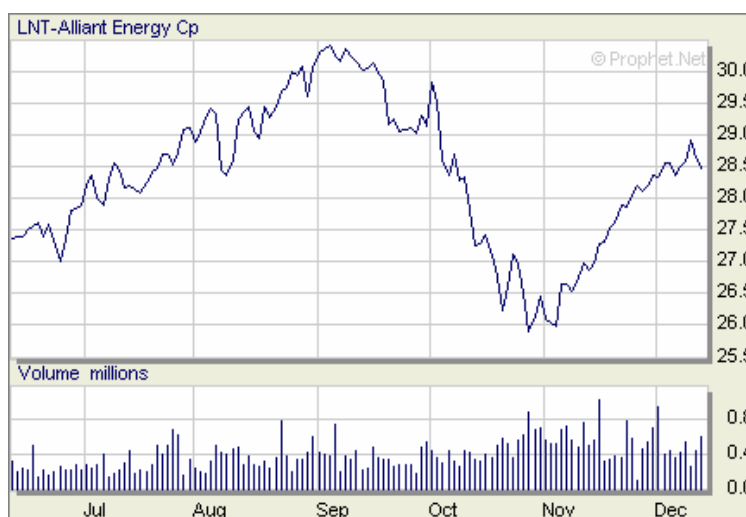


custom calling features, such as voice mail, caller ID, call forwarding, call waiting, and conference calling, as well as messaging services, including messaging, picture messaging, and multimessaging services. Centennial Communications also offers its customers with Internet access directly from their handsets, as well as the ability to download games, ring tones, and other applications. It provides various handsets employing TDMA and GSM/GPRS technology in the United States; and CDMA technology in the Caribbean. In addition, the company offers a range of communications services, including asynchronous transfer mode, frame relay, Wi-Fi, gigabit Ethernet dedicated access, dedicated Internet ports, international long distance, switched access, high speed Internet access, dial-up Internet access, and private line services over its own fiber-optic and microwave network in Puerto Rico and Dominican Republic service areas. Further, it offers various types of data center services, such as server and storage collocation, Web hosting, and managed services. As of May 31, 2005, Centennial Communications served approximately 1,244,800 wireless subscribers and 299,100 access line equivalents covering approximately 19.8 million Net Pops in the United States and the neighboring Caribbean. The company was organized in 1988. It was formerly known as Centennial Cellular Corp. and changed its name to Centennial Communications Corp. in 2000. Centennial Communications is headquartered in Wall, New Jersey

ALLIANT ENERGY CORPORATION (LNT)

Sector	Telecommunications
Voted Alpha	0.0113
Selected	No
Shares bought	-
Weightage	-

Alliant Energy Corporation operates as the holding company for Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL). The company engages in the generation, transmission, distribution, and sale of electric energy; and the purchase, distribution, transportation, and sale of natural gas in Iowa, Minnesota, Wisconsin, and Illinois. It also provides



steam services in Iowa; water service in Winnebago County, Illinois; and various other energy-related products and services, including construction management services for wind farms. The company owns a portfolio of electric generating facilities with various fuel mixes, including coal, nuclear, natural gas, and renewable resources. As of April 25, 2005, Alliant Energy served approximately three million customers. The company was founded in 1917 and is headquartered in Madison, Wisconsin

CELADON GROUP, INC (CLDN)

Sector	Telecommunications
Voted Alpha	0.0763
Selected	Yes
Shares bought	50
Weightage	0.83%

Celadon Group, Inc., through its subsidiaries, operates as a truckload carrier in the North America. It offers time-sensitive transportation in and between the United States, and Mexico and Canada. In addition, the company provides truckload transportation services within the United States, including long-haul,



regional, dedicated, and logistic services. Further, Celadon Group operates TruckersB2B, Inc., a marketing business that offers fuel, tires, equipment, and insurance to small and medium-sized trucking companies through its Web site, www.truckersb2b.com. It offers transportation services principally for automotive parts, paper products, manufacturing parts, semi-finished products, textiles, appliances, retail products, and toys. As of June 30, 2005, the company operated 2,570 tractors and 7,468 trailers. Celadon Group was founded in 1985 and is headquartered in Indianapolis, Indiana.

BOOKS-A-MILLION, INC (BAMM)

Sector	Telecommunications
Voted Alpha	0.0318
Selected	No
Shares bought	-
Weightage	-

Books-A-Million, Inc. operates as a retailer of book merchandise in the southeastern United States. The company operates through two segments, Retail Trade and Electronic Commerce Trade. The Retail Trade segment engages primarily in the retail trade and supply of book merchandise. It operates superstores that offer a selection of best sellers, as well as other hardcover and paperback books, magazines, local newspapers, and gifts; traditional stores, which provide a selection of books, magazines, and gift items; and Joe Muggs newsstands that offer a selection of magazines and newspapers, as well as hardcover and paperback books. Its superstores also include a Joe Muggs cafe, serving Joe Muggs coffee and assorted pastries. As of November 18, 2005, the company operated 208 stores. The Electronic Commerce Trade segment sells a range of products over the Internet under the names Booksamillion.com and Joemuggs.com. Booksamillion.com sells a selection of books, magazines, and gift items. Joemuggs.com offers a selection of whole bean coffee, confections, and related gift items. Books-A-Million was founded in 1917 and is based in Birmingham, Alabama.

EASTMAN CHEMICAL COMPANY (EMN)

Sector	Telecommunications
Voted Alpha	0.0772
Selected	Yes
Shares bought	50
Weightage	1.62%

Eastman Chemical Company engages in the manufacture and sale of chemicals, plastics, and fibers. It operates through six segments: Coatings, Adhesives, Specialty Polymers, and Inks (CASPI); Performance Chemicals and Intermediates (PCI); Specialty Plastics (SP); Polymers; Fibers; and Developing Businesses (DB). The CASPI segment manufactures raw materials, additives, and specialty polymers, such as liquid vehicles, coatings additives, cellulosic polymers, ester alcohol, chlorinated polyolefins, and hydrocarbon resins and rosins, and rosin esters. The PCI segment produces chemicals for agricultural intermediates, fibers, food and beverage ingredients, photographic chemicals, pharmaceutical intermediates, and polymer compounding and chemical manufacturing intermediates. The SP segment offers engineering and specialty polymers, specialty film and sheet products, and packaging film and fiber products, which are used in appliances, store fixtures and displays, building and construction, electronic and medical packaging, personal care and cosmetics, performance films, tape and labels, photographic and optical film, and graphic arts. The Polymers segment supplies polyethylene terephthalate polymers used in beverage and food packaging, and other applications, such as carbonated soft drinks, water, beer and personal care items, and food containers. It also manufactures polyethylene and linear low-density polyethylene, which are used in extrusion coating, film, and molding applications. The Fibers segment offers Estron acetate tow and Estrobond triacetin plasticizers, which are used in cigarette filters; Estron and Chromspun acetate yarns for apparel, home furnishings, and industrial fabrics; acetate flake for acetate tow producers; and acetyl chemicals. The DB segment includes Eastman's Gasification services and Diagnostics business, as well as investment in early stage



businesses. The company was founded in 1920 and is headquartered in Kingsport, Tennessee.

UNIT CORPORATION (UNT)

Sector	Telecommunications
Voted Alpha	0.0318
Selected	Yes
Shares bought	100
Weightage	3.64%

Unit Corporation, through its subsidiaries, engages in exploration and production of oil and gas. It also offers contract drilling and natural gas gathering and processing services. The company operates in three segments: Contract Drilling, Oil and Natural Gas Exploration and Production, and Gas Gathering and



Processing. The Contract Drilling segment engages in the land contract drilling of oil and natural gas wells. The Oil and Natural Gas Exploration and Production segment develops, acquires, and produces oil and natural gas properties. The Gas Gathering and Processing segment purchases, gathers, processes, and treats natural gas. As of December 31, 2004, the company had 8,561 Mbbls of oil reserves and 295,406 MMcf of natural gas reserves. The company was founded in 1963 and is based in Tulsa, Oklahoma.

Portfolio Optimization

Using the voted alphas of the new stocks, the existing positions in the Fund, and the BARRA Portfolio Manager, we optimized the new portfolio to mirror the benchmark, taking into account risk, return, and transaction costs. The goal of the optimization was to maximize the active return while minimizing the active risk (tracking error with respect to the benchmark). We optimized the portfolio using neutral sector weightings. There were no sector tilts due to the conservative investment strategy so as to minimize the Funds active risk.

Final List of optimizing trades

Trades made on 07 Dec 2005

Transaction Type	Symbol/CUSIP	Quantity	Price	Amount
Purchase	ACN	100	28.80	2880
Purchase	ALO	100	29.05	2905

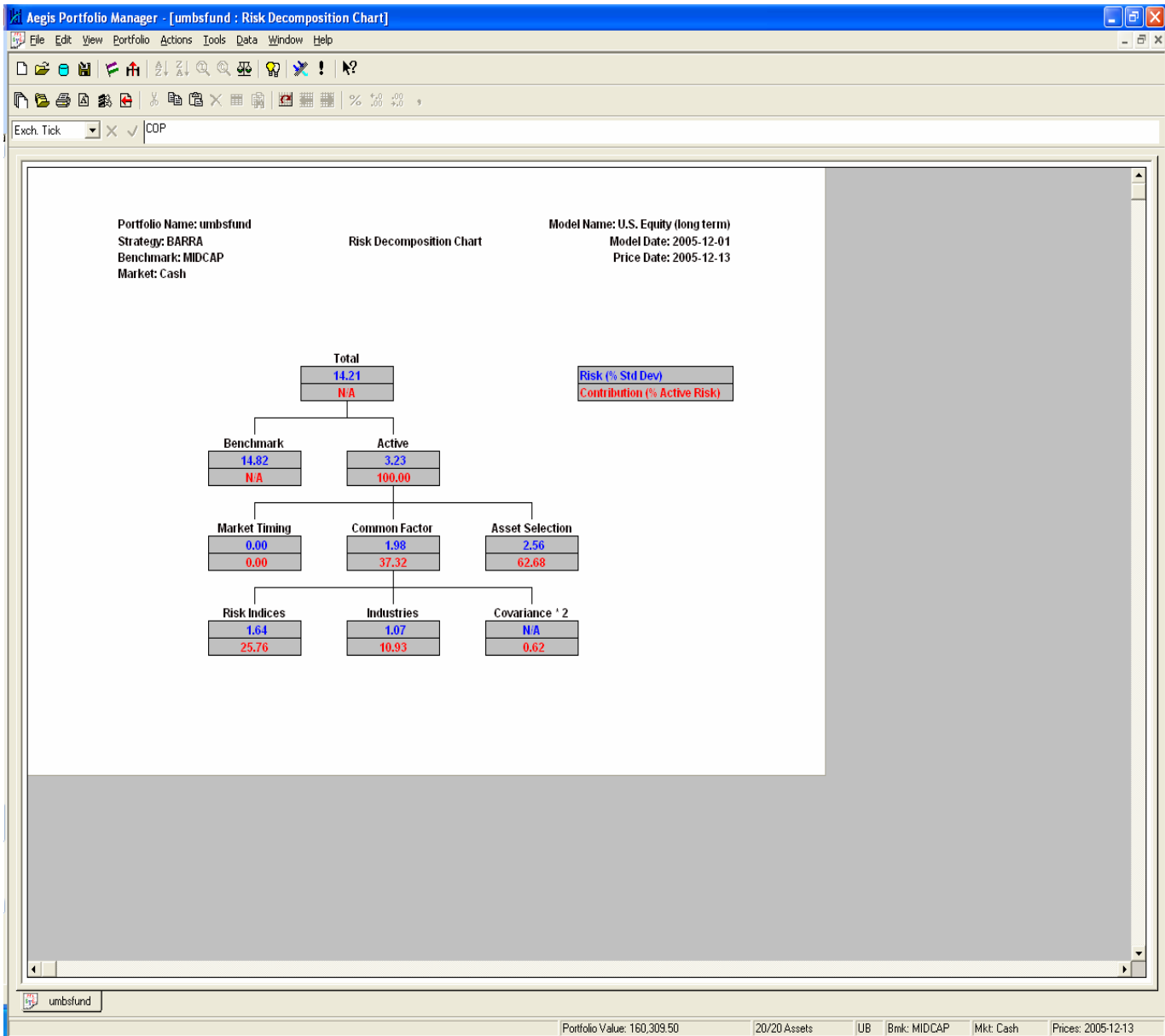
Trades made on 14 Dec 2005

Transaction Type	Symbol/CUSIP	Quantity	Price	Amount
Sale	CAJ	50	59.44	2972
Sale	NKSH	50	47	2350
Sale	AFG	50	37.49	1874.5
Sale	SRZ	50	36.71	1835.5
Sale	CEG	50	60.70	3035
Sale	STR	50	82.15	4107.5
Sale	MTLM	50	24.85	1242.5
Purchase	SLI	100	15.48	1548
Purchase	UNT	100	57.85	5785
Purchase	CLDN	50	26.87	1343.5
Purchase	ELV	100	71.70	7170
Purchase	EMN	50	51.73	2586.5

UMBS Student Fund Risk Profile

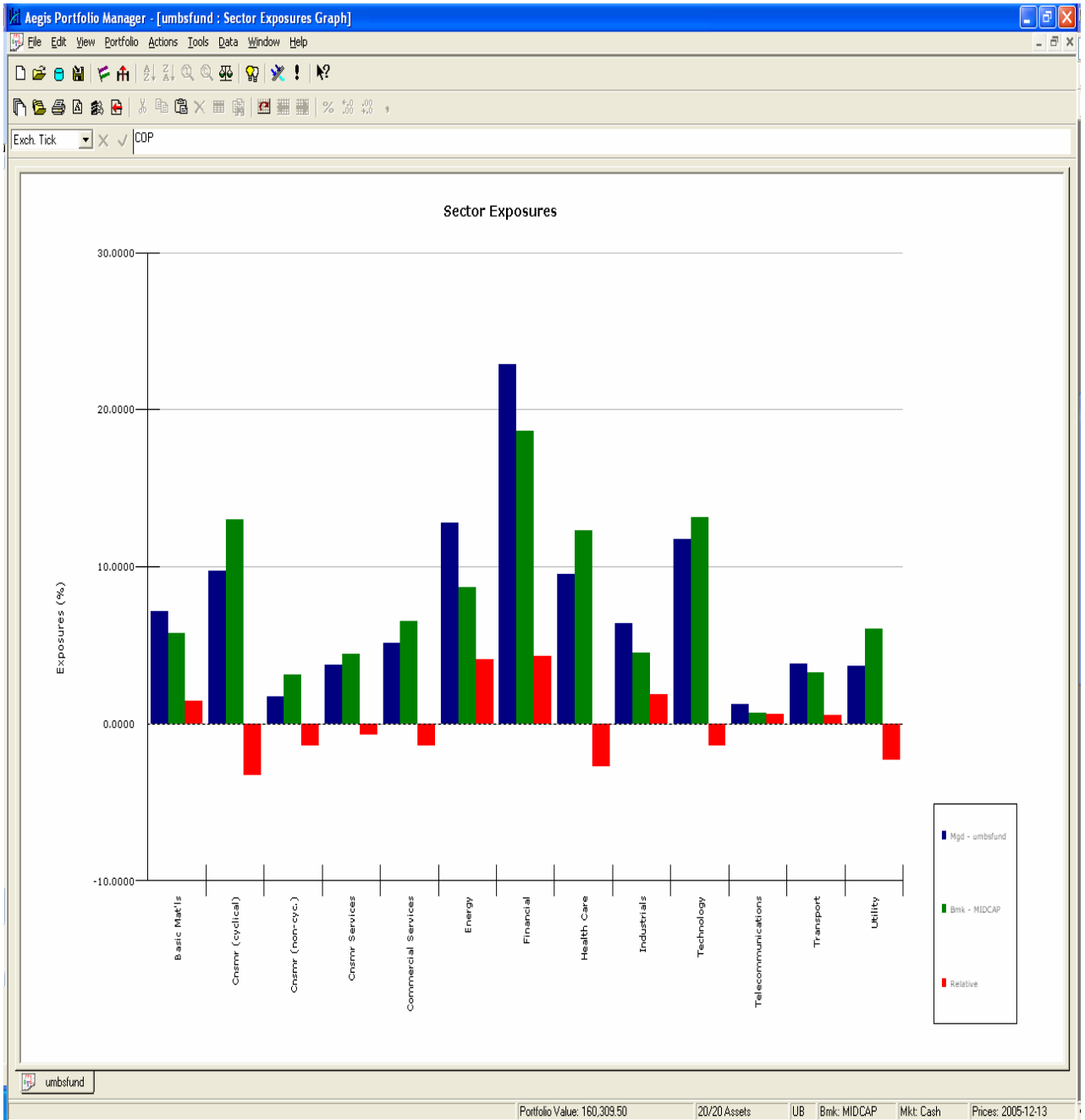
Upon completion of the aforementioned trades, the Sales and trading group completed risk decomposition. The standard deviation of the portfolio's **expected return** is **14.21%**. The **benchmark's** standard deviation is **14.82%**. The **active risk** is **3.23%**. Active risk is that which arises from the manager's effort to outperform the benchmark and is commonly referred to as tracking error. 37.32% of the Fund's active risk is due to Common Factor Risk (risk that arises from asset's exposure to common factors such as capitalization and industries) and 68.79% of the active risk is due to asset selection:

Risk decomposition



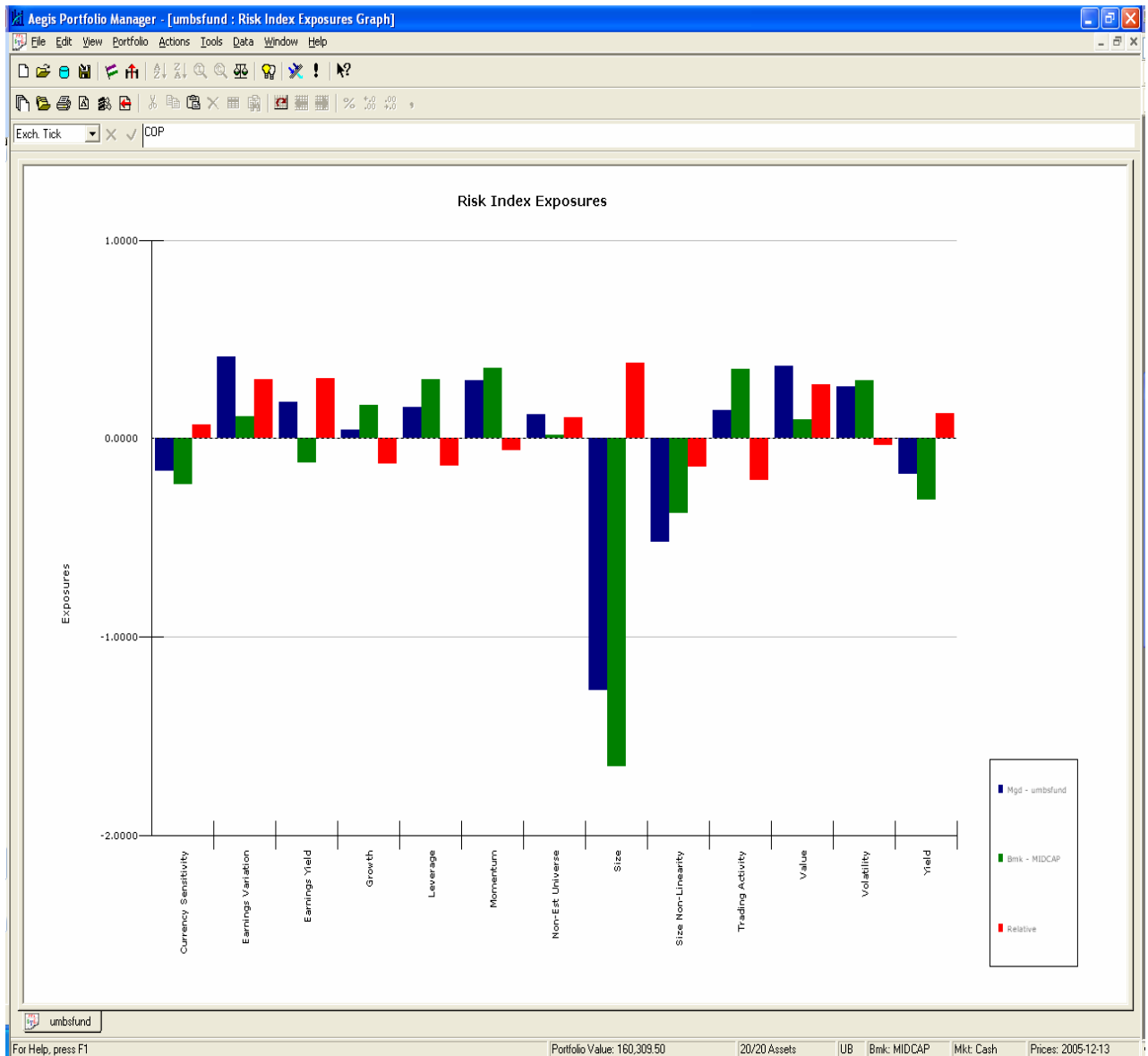
Sector exposures

The fund is overweight energy, financials, basic materials and industrials. It is underweight consumer cyclical, utilities and healthcare.



Risk Index exposures

The fund is overweight size, earnings variation, earnings yield. It is underweight trading activity, growth, leverage and size non-linearity.



Conclusions

Finally, the UMBS Student Managed Fund has performed very well considering the recent performance of the market. The fund has consistently outperformed the S&P Mid Cap 400 Index since inception. It has provided investors with greater returns than the benchmark while minimizing the additional risk exposure by adhering to the five percent tracking error guideline. Furthermore, by using the selected benchmark, the fund is positioned to meet its objective of long-term capital appreciation. Although the fund has not yet generated additional capital, it has essentially maintained its value during challenging economic times when other indices are yielding large negative returns. Ultimately, the Fund has outperformed many of the market indices, including the DOW, S&P 500, Russell 1000, and the NASDAQ, and is well positioned to continue this trend in the future.

