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2009 Letter to the Shareholders

Dear Fellow Shareholders:

Congratulations on being a part of another successful year with Southwestern University's *Financial Analyst Program (FAP)*. We are proud to inform you that the FAP portfolio successfully outperformed the S&P 500, our performance benchmark, on a risk-adjusted basis for the fifth consecutive year. The Sharpe and Treynor risk-adjusted performance measures are used for this comparison and both yielded a victory for the FAP portfolio. Using the Sharpe Measure, the FAP portfolio earned a 0.575 return premium per unit of risk as compared to the S&P 500's 0.303. Using the Treynor Measure, the FAP portfolio returned 0.0502 per unit of risk, compared to the S&P 500's scanty 0.0195. On an absolute basis, the S&P earned 23.5%, while the FAP portfolio earned 21.4%

This year the market recovered from the worst recession in recent history in a very uncertain manner. Given that ambiguity, we opted to maintain an overly defensive position for most of the year to minimize downside risk. We are pleased with our ability to successfully outperform the market on a risk-adjusted basis despite the extremely high volatility in the market. We credit this achievement to the disciplined implementation of our key objectives and strategies in the difficult environment that prevailed this year. Moreover, the portfolio's performance would not have been possible without the dedication and hard work of our student managers and our faculty advisor, Dr. A.J. Senchack. The following annual report provides a close look at the performance and development of the 2009 program.

We hope you find this report informative and it encourages your continued support of the Financial Analyst Program throughout the uncertain times ahead.

Sincerely,

Southwestern University Financial Analyst Program

May 6, 2010

About the Financial Analyst Program

The Financial Analyst Program (FAP) is an undergraduate business curriculum that provides an opportunity for a small group of outstanding Southwestern University (SU) students to work closely with business faculty and industry professionals to develop their skills and experiences as financial analysts. Students are offered intensive, hands-on experiences in applying the concepts of financial analysis and common stock selection and valuation in decision contexts similar to those found in the investments world.

Professor A.J. Senchack, holder of the Lucy King Brown Chair in International Business, designed, developed, and introduced this business curriculum during the 1998-99 academic year. He also initiated a request to create a student-run investment fund, subject to its approval by the SU Board of Trustees. In March 1999, the Fiscal Affairs Committee and Board of Trustees approved this request and authorized the creation of the "Southwestern University Student Investment Fund." In addition, the Board also authorized the transfer of $200,000 in SU endowment monies to the FAP as its initial investable funds. The first investment of the Financial Analyst Program was made on March 1, 2000, in Lowe's Companies, Inc.

During the academic year, student analysts enroll as a cohort in two business courses—Investments in the fall semester and then Portfolio Management or Corporate Financial Management in the spring semester. Students learn how to assess the operating, financial, and investment performance of companies as well as make financial projections using a company's recent operating history relative to its peer group of competitors. Both fundamental and technical analyses are used by the student analysts. In the spring semester, an honors or independent research study can also be performed, under the supervision of Professor A. J. Senchack. This study permits a student to fashion an individual-specific project that further enhances his/her financial skills in a particular area of interest such as industry structural analysis, financial markets, or security valuation.

In addition, throughout the entire academic year, the student analysts are responsible for managing the now $330,000 investment portfolio that is part of SU's endowment. This part of the Program benefits from dedicated, state-of-the-art computer equipment and facilities, telecommunications infrastructure, and electronic and hard copy financial databases for evaluating and selecting common stocks for the FAP portfolio. The objective is to earn a risk-adjusted return greater than the FAP Portfolio's benchmarks—the S&P 500 Composite Index and the average large-cap growth mutual fund manager.

This program represents a serious, one-year commitment that requires significant time outside the classroom. Therefore, the Program seeks highly-motivated and committed students to carry out all its investment needs.

Portfolio Manager and Officers

Bottom Row (Left-to-Right):

Webmaster, Jennifer Tindle: The duties of the computer analyst include keeping forms and files used in the program organized and easily accessible to the group. The computer analyst maintains the office computer and keeps the website up-to-date.

Public Relations, Lisa Perez: The public relations officer is responsible for providing email reminders, updating the brochure and constitution, and planning any recreational activities for the group. The public relations officer is also in charge of the promotion of the FAP to juniors who may be interested in applying.

Trader, Danielle Madison: The primary responsibility of the trader is to act as a liaison between the FAP and the Business Office. The trader is responsible for securing transaction authorizations and turning them into the Business Office. The trader must also keep track of buy/sell points assigned to each stock, and make sure those trades happen in an appropriate amount of time.

Second Row (Left-to-Right):

Economist, Alex Jansen: The duties of the economist include monitoring macro-economic reports, and reporting any changes in the U.S. economy. Also, the economist should follow general predictions for the U.S. economy and keep the FAP updated on Fed actions.

(Officers Continued)

Secretary, Julia Stanzer: The secretary is in charge of taking minutes during our weekly meetings. The secretary is also responsible for emailing out weekly minutes and keeping the FAP office organized.

Economist, Ricky Jones: The duties of the economist include monitoring macro-economic reports, and reporting any changes in the U.S. economy. Also, the economist should follow general predictions for the U.S. economy and keep the FAP updated on Fed actions.

Third Row (Left-to-Right):

Portfolio Manager, Matt Clark: The portfolio manager attempts to reduce the risk of the portfolio through the diversification of securities. The portfolio manager makes sure that stocks add diversity to the fund by either adding exposure to new industries or by trying to lower the overall beta of the fund. The portfolio manager is also responsible for creating weekly agendas.

Accountant, Justin Forrest: The accountant is responsible for maintaining updated monthly records/spreadsheets of the portfolio standing. Each month, upon receiving the monthly statement, the accountant must update the spreadsheet for purchases and sales that have occurred in that month, while accounting for interest, commissions, etc.

Statistician, Chris Roarty: The statistician keeps track of the various diagnostics of the portfolio. This includes the percent of the portfolio in each sector and sub-sector relative to the S&P 500, our benchmark. The statistician also reviews the portfolio’s style and geographical diversification, as well as asset allocation between equities, cash, and exchange traded funds.

Market Technician, Ross Harrison: The duties of the market technician include the study of current and past market action, such as price and volume, to forecast future price direction. The technician is also responsible for the timing of purchases and sells in correlation to what he/she forecasts and keeping other members of the FAP aware of current market trends.

Top Row (Left-Right):

Trader, Lyle Atkins: The primary responsibility of the trader is to act as a liaison between the FAP and the Business Office. The trader is responsible for securing transaction authorizations and turning them into the Business Office. The trader must also keep track of buy/sell points assigned to each stock, and make sure those trades happen in an appropriate amount of time.

Portfolio Manager, Brantley Freeman: The portfolio manager attempts to reduce the risk of the portfolio through the diversification of securities. The portfolio manager makes sure that stocks add diversity to the fund by either adding exposure to new industries or by trying to lower the overall beta of the fund. The portfolio manager is also responsible for creating weekly agendas.

Financial Analyst, Eric Kegley

Portfolio Objectives

The Student Fund Managers seek the highest level of return, while assuming risks similar to the Standard & Poor's (S&P) 500 Composite Index. Managers also recommend a targeted portfolio of stocks from a broad set of industries. Recommendations are done generally through a top-down approach, selecting an attractive industry first, and then the best stock in that industry.

- The fund purchases common stock issues of domestic and international corporations with large market capitalizations. The fund also purchases shares of exchange traded and mutual funds.
- The most critical strategy is the fundamental analysis of potential stocks. The managers examine the financial health of the company, looking for companies with growth potential, strong current liquidity, and undervaluation. Through these examinations, the managers find innovative business models that indicate exceptional growth potential.
- The investment strategy requires detailed economic analysis to identify investment opportunities based on the overall economy.
- Technical analysis plays an important role in the selection of equities. Fund managers study historical price patterns of stocks to determine buy points, sell points, relative strength, and overall timeliness of securities.
- The managers monitor currently held stocks and industries to avoid excessive losses and to identify opportunities to accumulate gains from positively performing industries. The managers set sell points, which adjust to market conditions to help capture profits on successful securities.

Portfolio Strategy

The Fund follows the investment guidelines of the equity funds in Southwestern University's Endowment Funds: to preserve and expand the purchasing power relative to inflation for the future of Southwestern University.

- The Fund attempts to assume risks similar to those of the Standard and Poor's 500 Index (S&P 500). This means the Fund strives for a high return correlation with its benchmark, the S&P 500. Thus, the Fund attempts to maintain a beta near 1.00 relative to the S&P 500.
- The Fund looks to realize the highest level of return, consistent with its benchmark's risk level.
- The Fund seeks a turnover rate of less than 100%. The Fund needs a healthy rate of turnover to achieve its goal of capital growth, but excessive turnover violates the Fund's long-term appreciation strategy and diminishes returns through transaction costs.
- The Fund also attempts to achieve above average risk-adjusted returns based on the Sharpe and Treynor performance ratios. Positive risk-adjusted returns in both of these measures reflect superior results; therefore, the risk-adjusted returns of each measure should be higher than the S&P 500's risk-adjusted return.
- The Fund helps the managers gain valuable experience in creating and maintaining a portfolio and developing financial analysis skills in a real world situation.
- The Fund managers establish buy and sell points to help cut losses by automatically selling portions of a position, or buying additional shares as the stocks cross certain price thresholds.
- For 2009, a major recession required the Fund managers to cautiously analyze the macroeconomic conditions and adjust the portfolio's cash holdings (sometimes holding more than usual) based the overall economic outlook.

2009 Economic Report

First Quarter 2009:

GDP declined by 6.4% in the first quarter due primarily to decreases in equipment and software spending, as well as a $100 billion reduction in inventories. This was the second consecutive quarter GDP registered below -5%.

The unemployment rate increased from 7.7% to 8.6% and total non-farm payroll decreased by 663,000. Manufacturing, construction, and temporary help services accounted for nearly two thirds of the employment deterioration.

The housing market remained weak into the first quarter due to a decline in building permits and housing starts, but did show other signs of stabilization. The Housing Price Index (HPI) fell by 0.5%, but this decrease in prices was not as severe as the fourth quarter of 2008, which saw a 3.3% decrease.

Inflation remained on a moderate positive trend. The Consumer Price Index (CPI) increased by an annualized 0.4%, while the Producer Price Index (PPI) rose by 0.1% Most of the increase in prices was due to energy costs and an uptick in the tobacco index toward the end of the quarter.

Consumer confidence fell sharply from 34.7 to 26.9, hitting a historic record low in February of 25.3, in response to bleak general business conditions and the labor market.

In order to encourage spending the Fed kept the price of borrowing money low by maintaining its target Federal Funds Rate of 0 - 0.25%. The poor condition of the economy clearly outweighed inflation worries.

Overall the economic outlook during the first quarter was negative with a big decline in GDP, hikes in the unemployment rate, continued weakness in the housing market, a record low consumer confidence index, and a tightened credit market.

Second Quarter 2009:

GDP declined by 0.7% in the second quarter. This marked the third consecutive quarter of negative growth, but the rate of decline shrank, which signaled that the end of the recession was imminent. Businesses slashed inventories once again by $150 billion to cut costs.

The unemployment rate continued its rise from 8.9% to 9.5% and nonfarm payroll dropped by 451,000. Construction and manufacturing continued to shed jobs, which accounted for the majority of the elevated unemployment rate.

The housing market showed positive signs and rebounded as both building permits and housing starts were up. The HPI continued its fall, declining 0.7%, but this marked the second consecutive quarter in which the rate's decline steadily slowed.

(Second Quarter 2009 Continued)

Inflation remained on a positive trend and at a higher pace than the previous quarter The CPI rose 0.3%, while the PPI rose 0.8%. Most of the increases in price were due to the new excise tax on cigarettes which pushed up the tobacco index, as well as energy costs, which picked up in the latter part of the quarter.

Consumer confidence rebounded to 49.3. Consumers began to feel much more positive about the economy's health and future business conditions, as some started to think that the economy had bottomed out.

The Fed maintained its target federal funds rate of 0 – 0.25%. Concerns of inflation taking off were low, and improving the uncertain economy's health by stimulating spending was the Fed's main concern.

Overall the economic outlook was negative, but conditions were improving. GDP was still negative but approaching positive rates, unemployment continued to rise, inflation was high, and consumer confidence was up, but there were expectations that the stimulus package would improve future business conditions.

3rd Quarter 2009:

GDP increased 2.2% in the third quarter of 2009, marking its first return to positive territory since the second quarter of 2008.

The unemployment rate rose to 9.8%, and the nation lost 677,000 net jobs during the third quarter; total nonfarm payroll jobs lost since December 2007 equaled 7.1 million. Every economic sector experienced net job losses except for education and health services.

The housing market was still weak but continued showing signs of stabilization. Total U.S. housing starts in the third quarter were up 9.3% compared with the previous quarter. The HPI fell by 0.5% but this represented a slower rate from the previous quarter.

Inflationary pressures remained modest during the third quarter. Consumer prices as measure by the CPI were up an annualized 0.3%. Producer prices, measured by the PPI, were volatile for this quarter and fell overall at an annualized 0.6% rate.

Consumer confidence increased from the 2nd quarter, but eventually dropped to 53.1 , versus expectations for an increase to 57. Having already lost 7 million jobs during the recession, the pace of job losses eased and the economy appeared to be stabilizing.

The Federal Reserve decided to keep interest rates low, targeting 0 - .25% in an attempt to address the credit crunch problem along with simulating economic demand. The Senior Loan Officers' Survey displayed weak demand for commercial and industrial loans.

Overall, the economic outlook during the third quarter finally turned positive. The nation's GDP increased by 2.2%, matching its average growth rate of the last 80 years, according to the Commerce Department. However, Government programs to encourage consumer spending on things like cars and houses started to expire so employers remained reluctant to hire more workers, which suggested that the recovery might not last.

4th Quarter 2009:

GDP increased 5.9% in the fourth quarter. The increase came primarily from inventory, real personal consumption, and real exports along with the decreased trade gap.

The unemployment rate remained high, ending the quarter at 10%. The economy lost 310,000 jobs during the quarter and 4.8 million during 2009. However, the pace of job loss slowed and the service sector showed signs of a rebound. Net job gains occurred in professional and business services, education services and health services.

Overall it was a positive quarter for the housing market. Total existing-home sales jumped 13.9% to a seasonally adjusted annual rate of 6.03 million in the fourth quarter, up from 5.29 million in the third quarter. Housing starts reached a 6-month high.

Inflation rose during the fourth quarter as consumer prices rose modestly. The CPI rose at 0.2% annual rate and the PPI rose even faster at a 0.7% rate suggesting that firms were not able to sell their products at such high prices.

Consumer confidence rebounded during the fourth quarter from 48.7 to 52.9. Consumer’s expectations of the economy’s short term future, including business conditions, improved during this quarter. However, consumer’s perception of the labor market continued to remain pessimistic.

The Fed kept interest rates low, targeting 0- 0.25%, as the situation had not materially improved from the third quarter. However, lending was up in the fourth quarter by 87% for small businesses. Venture capital deals also rose, but the volume was not as high as in 2008.

Overall, the U.S. economy rebounded in the fourth quarter when real GDP increased at a 5.7 % annualized rate. Unemployment remained unchanged, the housing market saw positive signs of improvement, and consumer confidence stayed relatively strong.

2009 Stock Market Report

The stock market rose out of the deep depression in 2009, and managed to end the year with strong gains. Twelve months ago, investors were looking at 35-45% declines in the equity markets on average as the recession, crashes in the banking industry, and a deep credit crisis led to a steep drop in investor confidence. The first quarter continued the downward trends, and by March investors were looking at a Dow Jones Industrial Average of around 6,500, after it had soared over 14,000 in late 2007. The market turnaround slowly began to materialize as encouraging market data emerged, along with signs proving the effectiveness of our monetary and fiscal policy. Throughout 2009 markets recovered unevenly, with many peaks and valleys. The Dow ended the year around 10,500, much lower than pre-recession levels, but a welcome improvement compared to the previous 12 months.

First Quarter 2009:

A bear market dominated the first quarter of 2009, with the S&P 500 down over 26%, and the Dow losing 20% between the beginning of the year, and the market bottom at March 9th. Many lingering factors foretold a grim outlook on the market, and delayed investors' hopes of a market recovery until late 2009 at best. Equities were down across the board as many sectors of the US economy contracted.

The manufacturing sector of the economy remained in a slump, with employment and pricing shrinking, and forcing factories to cut back on production. The ISM manufacturing index, which measures growth in the manufacturing sector of the US economy, remained between 34 and 38 points in the first quarter, above 50 points represents growth in the manufacturing sector. Unemployment rose to 8% and led to decreases in the consumer sentiment index, which remained below 40 points from January to March.

The housing sector continued to be a major stumbling block to the economic recovery, with housing starts off 80% in three years, and home re-sales at a 12 year low. The pessimistic employment outlook and rising real-estate taxes provided little incentive for potential homebuyers to make purchases, despite easy credit and falling home prices.

Second Quarter 2009:

After the market bottom in early March, investors began to see stabilization and a potential turning of the tide. Economic data and market indexes stopped their freefall and began to stabilize, although at much lower levels. Some evidence of recovery was evident, but the market continued in a two step forward, one step back pattern. The second quarter had investors hoping that the worst of the recession had ended, but wary of market corrections. Overall, GDP changed by a much improved -1%.

Unemployment remained a dark spot, as the unemployment rate rose to a 26 year high of 9.4% in May. High unemployment suppressed the consumer as the change in retail sales remained near around -10% from last year for April through July. Consumer confidence did receive a boost from the rise in the market of around 20 points from April to July. Although a serious recovery was not expected to take effect until late 2009, investors began buying on faith hoping to ride the slow recovery.

New housing starts and building permits fell at the beginning of the quarter, showing that the housing sector continued to be a drag on the overall economy. High unemployment, uncertainty about mortgages, and falling real estate prices continued to stifle expansion of the housing sector.

Third Quarter 2009:

The bulls finally grasped the upper hand in the third quarter as investors saw scattered gains in stock prices. An uneven and selective recovery was apparent throughout the quarter, and real GDP increased by 2.2%.

Although the economy appeared to be recovering, there was by no means an abundance of growth that our economy had become accustomed to before the bull market. Some level of corporate profitability materialized through cost cutting measures, although sustained earnings growth would depend on growth in sales, which was unlikely given the bleak employment outlook. Our economy appeared to be in a “new normal” state, a term coined by Bill Gross, characterized by a safe, but low level of growth. Under the new normal economy investors and businesses could not expect excessive profits while the markets re-adjust to a sustainable level of growth.

One of the main drags on recovery once again was employment. Job losses in July and August were 476,000 and 216,000 respectively. Although these numbers were negative, they were a vast improvement compared to the first quarter. Unemployment reached a 26 year high of 9.7%.

Housing began to level out in the third quarter as indicators moved off their historically low levels. Construction activity and sales of new homes remained at around 1/3rd of their highs, and home prices continued to fall. Homeowners, still insecure about their net worth, had little incentive to invest in new home purchases. However, a bottom in the housing market did appear to materialize, and consumer confidence and retail sales continued their climbs from April.

Fourth Quarter 2009:

The market continued its climb in the fourth quarter, although with many more peaks and valleys. Once again the major drags on the recovery were the housing sector and unemployment. Markets rose despite less-than-impressive reports about housing activity, and shortfalls in consumer confidence and spending, solidifying expectations that the market’s recovery would be highly uneven. Initial estimates of GDP growth for the fourth quarter are around 5.7%.

Unemployment remained around 10% throughout the quarter despite the fact that job losses decreased significantly compared to the first quarter. High unemployment continued to weigh down consumer spending growth, as shoppers turned out for Black Friday, but spent less on average than last year. Despite the disappointing Black Friday, monthly retail sales appear to be stabilizing, albeit at a much lower level than pre-recession highs.

The ISM manufacturing and non-manufacturing indexes recovered in the fourth quarter, climbing over the 50-point level, which indicates expansion in the economy. This growth could lead to increased hirings, which would alleviate unemployment strains and help the economy back into recovery.

2009 Short Term Strategy & Sector Allocation

First Quarter 2009:

The FAP portfolio was invested as follows: 14% in cash, 61% in U.S. stocks, 8% in foreign stocks, 12% in bonds, and 5% in Gold. We overweighted Healthcare and Hardware, and we underweighted Financial Services and Energy. The portfolio lost -3.16% while the S&P 500 shed -11.67%.

Second Quarter 2009:

At the end of the 2nd quarter, we were invested 12% in Cash, 42% in U.S. stocks, 13% in foreign stocks, 13% in bonds, 6% in preferred stock, 6% in convertible securities, and 7% in GLD. Our sector allocation strategy led us to continue overweighting Healthcare and move to an overweighted position in Energy. Meanwhile, we underweighted Financial Services and Industrial Materials. The S&P returned 13.35%, while the FAP portfolio earned 6.41%.

Third Quarter 2009:

We were 49% invested in U.S. stocks, 13% invested in foreign stocks, 12% in cash, 10% in bonds, 6% in preferred stock, 6% in gold, and 5% in convertible securities. We were overweighted in Energy & Healthcare and underweighted in Industrial Materials & Consumer Goods. The S&P gained 14.49% while we gained 9.07%.

Fourth Quarter 2009:

We were invested in 52% U.S. stocks, 25% in foreign stocks, 7% in cash, 7% in GLD, 6% in preferred stock, and 3% in Precious Metals. We looked to capitalize on favorable opportunities in foreign markets like China and India by increasing our exposure to those areas. We remained overweighted in Healthcare and Energy while being underweighted in Consumer Services and Telecommunication. The S&P gained 9.38% and 24.71% for the year. We gained 7.75% for the quarter and 21.44% for the year.

Best Investment Idea of 2009, Southwestern Energy

The Financial Analyst Program's best investment Idea was Southwestern Energy (SWN). Southwestern Energy is a large-cap growth stock in the Independent Oil and Gas industry. Within this industry, Southwestern Energy operates in the Energy sector. Southwestern Energy is a Houston based company that expanded nationally after its start as an Arkansas gas utility in 1929. After selling its gas utility in July 2008, Southwestern Energy is now primarily an Exploration and Production company focused onshore in the Fayetteville Shale in Arkansas, Arkoma Basin, East Texas, and Marcellus Shale in Pennsylvania. In 2008, proven reserves equaled 2,185 billion cubic feet and production averaged 533 million cubic feet per day. (Morningstar)

The Financial Analyst Program first purchased 205 shares of SWN on April 28, 2009 at $34.05 per share. Later, the Program purchased an additional 202 shares of SWN on May 1, 2009 at $36.22 per share. This led to an average price basis of $35.14 per share. SWN's closing price was $48.20 per share on December 31, 2009. For 2009, Southwestern Energy experienced a return of 37.17% in the Financial Analyst's portfolio.

Worst Investment Idea of 2009, Scotts Miracle Grow

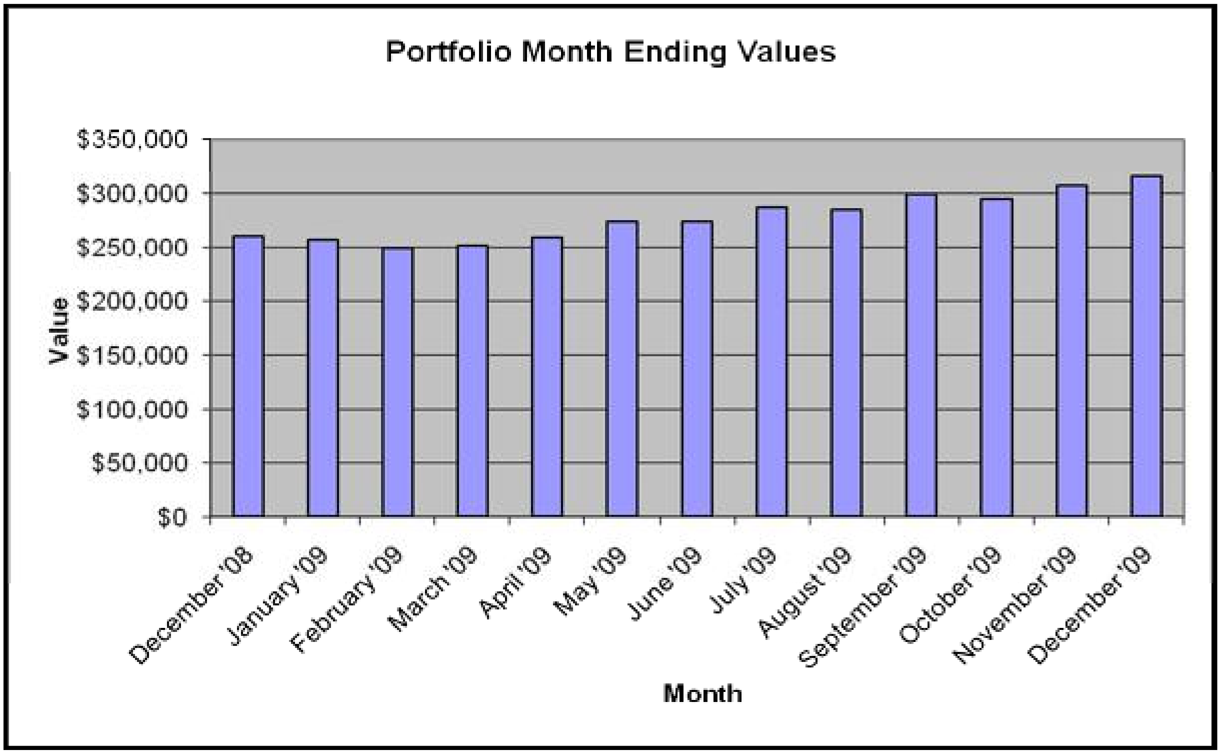
The Financial Analyst Program's worst investment Idea was Scotts Miracle Grow (SMG). Scotts Miracle Grow is a mid-cap core stock in the Agricultural Chemicals industry. Within this industry, Scotts Miracle Grow operates in the Industrial Materials sector. Scotts Miracle Grow is a market leader in lawn and garden care. The firm manufactures and markets a variety of plant nutrients and pesticides under the Scotts, Miracle-Grow, Ortho, and Roundup brand names. Its products are carried by large retail chains throughout North America and Europe. Additionally, Scotts Lawn Service is one of the largest lawn-care providers in North America. (Morningstar)

The Financial Analyst Program purchased 190 shares of SMG on April 24, 2009 at $38.12 per share. Later, the Program quickly sold 190 shares of SMG on May 8, 2009 at 32.30 per share. The Program mistimed the security's trend and quickly experienced a loss on the historically strong security. For 2009, Scott Miracle Grow experienced a return of -15.27% in the Financial Analyst's portfolio.

Month Ending Financial Analyst Portfolio Values

The FAP Portfolio earned an average monthly return of 1.67% and an annual return of 21.44% in 2009. Our portfolio experienced less volatility than the S&P 500 but still manage to trail it by only two percentage points. Below you will find monthly values for the cash and equities in the portfolio, as well as its value and percentage change. The FAP portfolio experienced a turnover of 51.25% in 2009.

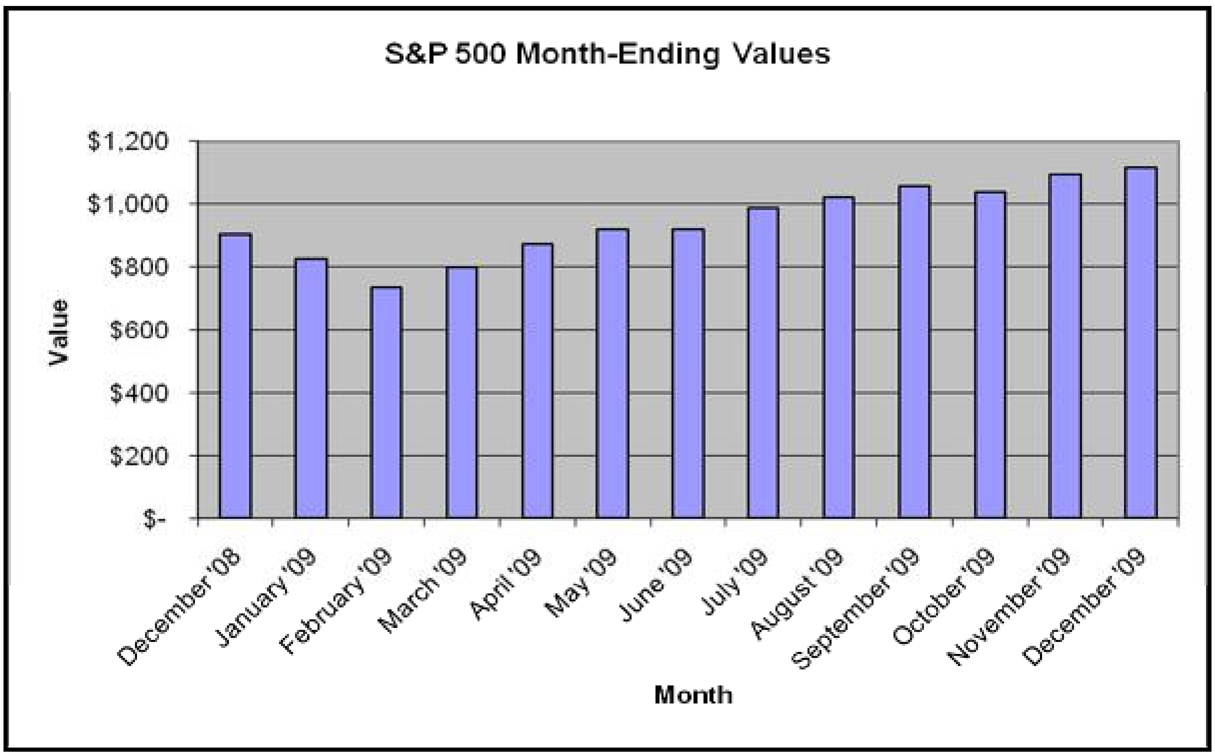
Month Ending	Cash	Equities	Portfolio Value	% Change per Month
December 2008	$ 169,387	$ 90,631	$ 260,018	
January 2009	169,573	87,363	256,936	-1.19%
February	153,788	95,577	249,366	-2.95
March	147,638	104,140	251,778	0.97
April	98,951	160,338	259,290	2.98
May	28,063	245,330	273,393	5.44
June	33,906	239,769	273,675	0.10
July	4,639	282,625	287,264	4.97
August	896	284,108	285,004	-0.79
September	9,892	288,894	298,786	4.84
October	27,568	267,678	295,247	-1.18
November	6,216	301,068	307,283	4.08
December	7,104	308,670	315,774	2.76
Average Monthly Return				**1.67%**
Annual Return				**21.44%**



Month Ending Values for the S&P 500

The S&P 500 earned an average monthly return of 1.97% and an annual return of 23.45% in 2009. Below are monthly values for the index's closing price as well as its percentage change month-over-month for comparison to the FAP portfolio.

Month Ending	S&P 500 Close	% Change per Month
December 2008	$ 903	
January 2009	825	-8.57%
February	735	-10.99
March	798	8.54
April	873	9.39
May	919	5.31
June	919	0.02
July	987	7.41
August	1,021	3.36
September	1,057	3.57
October	1,036	-1.98
November	1,096	5.74
December	1,115	1.78
Average Monthly Return		**1.97%**
Annual Return		**23.45%**



Sharpe and Treynor Risk-Adjusted Performance

Month Ending	Risk Free Rate (RFR)	Portfolio Return Less RFR	S&P 500 Return Less RFR
January	0.01%	2.17%	3.15%
February	0.03	-1.21	-11.84
March	0.02	-2.96	-10.55
April	0.01	1.12	10.32
May	0.02	3.59	8.18
June	0.02	7.00	7.43
July	0.02	-2.05	-2.09
August	0.01	4.86	6.93
September	0.01	-1.75	1.06
October	0.01	3.82	3.18
November	0.00	0.74	0.61
December	0.00	5.56	7.01
Monthly Average	**0.01%**	**1.74%**	**1.95%**

	FAP Portfolio	S&P 500
Beta	0.33	1.00
Standard Deviation	2.88%	6.44%
Sharpe Risk-Adjusted Performance	0.575	0.303
Treynor Risk-Adjusted Performance	0.050	0.019

The preceding tables contain the Sharpe and Treynor composite measures of performance for each month during 2009. Both of these measures are then used to calculate the overall, risk-adjusted portfolio performance for the FAP Portfolio and the S&P 500 Index.

The Sharpe measure starts with the average risk premium, which is found by taking the average monthly portfolio return minus the average monthly risk-free rate, or 1.74%. This risk premium is then divided by the portfolio standard deviation of monthly returns of 2.88%%. The resulting Sharpe risk-adjusted performance value of 0.575 for our portfolio compared to the comparable 0.303 values for the S&P indicates that our portfolio produced a higher risk-adjusted return (or higher excess return per unit of risk) than our benchmark or S&P 500 Index did.

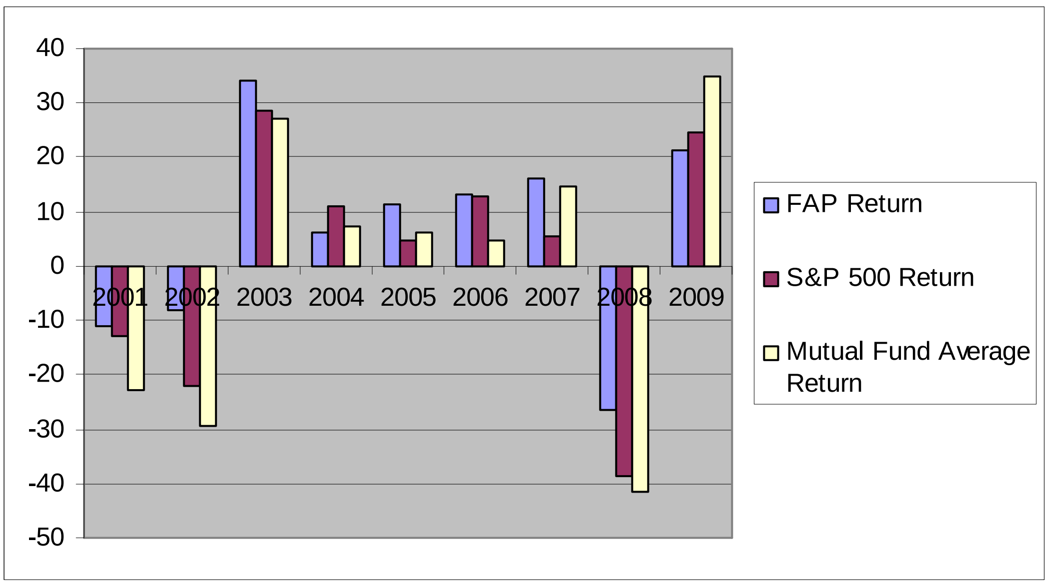
The Treynor measure also begins with the same average risk premium as found with the Sharpe measure. This average risk premium is then divided by the portfolio's systematic or beta risk, 0.33. The resulting portfolio value of 0.050, compared to 0.019 of the S&P 500 Index, indicates that our portfolio, once again, ranked higher than or outperformed the aggregate market on a risk-adjusted return basis.

Thus, while the FAP portfolio underperformed our market benchmark on an *absolute*, monthly average return basis, 1,74% vs. 1.95%, our very low risk allowed us to generate an overall, superior performance. The low risk or volatility was due to our holding a high percentage of cash equivalents (60%) and 20% in fixed income securities during the first four months of 2009. After the March 9, 2009 bear market bottom, we began

Historical Performance Comparison

After weathering the financial crisis in 2008, the Financial Analyst Program's portfolio experienced a strong return in 2009. Unfortunately, we fell slightly behind our two benchmarks, the S&P 500 and Large-Cap Growth Mutual Funds. As this is only the second year in nine years that our portfolio failed to outperform its benchmarks, we expect 2010 will yield a much greater return.

The portfolio began in the 2001 bear market and appeared to perform poorly for two years. The negative returns in 2001 and 2002 were not ideal for a new portfolio; however, the portfolio managers outperformed both benchmarks. In 2003, the portfolio managers changed from a defensive to offensive position and capitalized on the strong market rally, which resulted in the highest return the portfolio has ever experienced. In 2004, the portfolio fell below our benchmarks but regained its position with about a 5% lead on both benchmarks in 2005. From 2005 to 2007, the portfolio experienced impressive returns that increased each year. In 2008, the portfolio posted a negative return but still surpassed both benchmarks. Finally, in 2009, the portfolio performed exceptionally well but fell below its benchmarks.



Year	FAP Return	S&P 500 Return	Mutual Fund Average Return
2001	-11.09%	-13.00%	-22.90%
2002	-8.13	-22.10	-29.60
2003	34.11	28.70	27.00
2004	6.28	10.88	7.18
2005	11.23	4.90	6.20
2006	13.07	13.00	4.70
2007	16.00	5.50	14.80
2008	-26.58	-38.49	-41.40
2009	21.44	24.71	34.90

2009 Portfolio Financial Statements

Portfolio Holdings and Market Values
First Quarter 2009, Ending March 31, 2009

	Shares	Cost per Share	Cost Basis	Price per Share	Market Value
Cash and Cash Equivalents			$ 147,638		$ 147,638
Equities:					
Citadel Broadcasting Corp	23	$ 6.24	143.58	$ 0.01	$ 0.23
Eaton Vance Income Fund #31	1496	3.88	5,805	4.02	6,014
Federated Max-Cap Instl FD #39	4423	17.78	78,641	9.04	39,981
Fidelity High Income Fund #455	993	5.99	5,950	6.23	6,188
International Business Machines	80	105.06	8,405	96.89	7,751
Proshares Ultrashort Lehman	180	46.00	8,280	43.64	7,855
Proshares Ultrashort Lehman 7-10 Yr	150	54.72	8,208	52.03	7,804
SPDR Gold Trust	70	91.87	6,431	90.28	6,320
Stryker Corporation	130	52.21	6,787	34.04	4,425
TEVA Pharmaceutical	175	47.95	8,391	45.05	7,884
Thermo Fisher Schientific, Inc.	150	56.13	8,420	35.67	5,306
Varian Medical Systems Inc	150	45.62	6,843	30.44	4,566
Total Equities			**$152,305**		**$104,095**
Total Assets			**$299,943**		**$251,733**

Beginning Portfolio Value (12/31/08)	$ 260,018
Ending Portfolio Value (3/31/09)	$ 251,733
% Change for 1st Quarter 2009	**-3.19%**

Portfolio Holdings and Market Values
Second Quarter 2009-10, Ending June 30, 2009

	Shares	Cost per Share	Cost Basis	Price per Share	Market Value
Cash and Cash Equivalents			$ 33,906		$ 33,906
Equities:					
Citadel Broadcasting Corp	23	$ 6.24	143.58	4.81	0.23
Eaton Vance Income Fund #31	2980	4.24	12,630	4.81	14,333
Federated Max-Cap Instl FD #39	4446	17.74	78,876	10.41	46,279
Fidelity High Income Fund #455	2084	6.53	13,617	7.31	15,234
International Business Machines	150	103.29	15,494	104.42	15,663
Powershares Preferred Portfolio	1300	10.75	13,981	12.27	15,951
Proshares Ultrashort Lehman	325	4.89	1,588	50.92	16,549
Proshares Ultrashort Lehman 7-10 Yr	280	54.89	15,368	56.60	15,848
Southwestern Energy	407	35.21	14,329	38.85	15,812
SPDR Gold Trust	107	148.26	15,864	91.18	15,501
Strayer Education	50	188.10	9,405	218.11	10,906
TEVA Pharmaceutical	335	46.28	15,505	49.34	16,529
Thermo Fisher Scientific, Inc.	150	56.13	8,420	40.77	6,116
Transocean Incorporated	200	71.70	14,340	74.29	14,858
Vanguard Conv Securities Fd #82	1393	10.18	14,182	10.71	14,920
Varian Medical Systems Inc	150	45.62	6,843	35.14	5,271
Total Equities			**$272,590**		**$288,831**
Total Assets			**$282,483**		**$298,723**

Beginning Portfolio Value (3/31/09)	$251,733
Ending Portfolio Value (6/30/09	$273,675
% Change for 2nd Quarter	**8.72%**

Portfolio Holdings and Market Values
Third Quarter 2009-10, Ending September 30, 2009

	Shares	Cost per Share	Cost Basis	Price per Share	Market Value
Cash and Cash Equivalents			$ 9,892		$ 9,892
Equities:					
Charles Schwab Corp	800	$ 18.71	14,968	$ 19.15	15,320
Citadel Broadcasting Corp	23	6.24	143.58	0.01	0.23
Eaton Vance Income Fund #31	2980	4.24	12,630	5.34	15,912
FactSet Research Systems	250	55.68	13,921	66.24	16,560
Federated Max-Cap Instl FD #39	2749	15.41	42,369	11.98	32,931
Fidelity High Income Fund #455	2084	6.53	13,617	8.15	16,984
International Business Machines	150	103.29	15,494	119.61	17,942
Powershares Preferred Portfolio	1300	10.75	13,981	13.53	17,589
Proshares Ultrashort Lehman	325	47.96	15,588	44.01	14,303
Proshares Ultrashort Lehman 7-10 Yr	280	54.89	15,368	52.45	14,686
Southwestern Energy	407	35.21	14,329	42.98	17,308
SPDR Gold Trust	170	93.32	15,864	98.85	16,805
Strayer Education	50	188.10	9,405	217.68	10,884
Teva Pharmaceutical	335	46.28	15,505	50.56	16,938
Thermo Fisher Scientific, Inc	150	56.13	8,420	43.67	6,551
Transocean Incorporated	200	71.70	14,340	85.53	17,106
Vanguard Conv Securities Fd #82	693	10.18	7,056	12.17	8,435
Vanguard Dividend Growth Fd - IV	1003	11.60	11,630	12.40	12,432
Vanguard Total International Fd #133	1409	12.75	17,962	14.30	20,146
Total Equities			**$272,590**		**$288,831**
Total Assets			**$282,483**		**$298,723**

Beginning Portfolio Value (6/30/09)	$273,675
Ending Portfolio Value (9/30/09	$298,723
% Change for 3rd Quarter	**9.15%**

Portfolio Holdings and Market Values
Fourth Quarter 2009-10, Ending December 31, 2009

	Shares	Cost per Share	Cost Basis	Price per Share	Market Value
Cash and Cash Equivalents			$ 7,104		$ 7,104
Equities:					
Aflac Incorporated	35023	$ 0.47	16,373	$ 4,625	$ 16,188
Citadel Broadcasting Corp	23	6.24	143.58	0.01	0.23
Coach Incorporated	200	36.34	7,267	36.53	7,306
Eaton Vance Greater India Fund CL A	716	22.28	15,942	23.35	16,708
Express Scripts Inc	200	83.14	16,629	86.42	17,284
FactSet Research Systems	125	55.29	6,911	65.87	8,234
Federated Max-Cap Instl FD #39	2898	15.24	44,155	12.05	34,921
International Business Machines	150	103.29	15,494	130.90	19,635
Market Vectors Coal ETF	450	34.58	15,561	36.12	16,254
Market Vectors Agribusiness	350	43.13	15,097	43.79	15,327
Powershares Nasdaq Internet ETF	600	25.22	15,132	25.85	15,512
Powershares DB Base Metals F	400	20.56	8,224	22.50	9,000
Powershares Preferred Portfolio	1300	10.75	13,981	13.55	17,615
Proshares Ultrashort Lehman	45	46.00	2,070	49.88	2,245
Proshares Ultrashort Lehman 7-10 Yr	280	54.89	15,368	53.94	15,103
Southwestern Energy	407	35.21	14,329	48.20	19,617
SPDR Gold Trust	170	93.32	15,864	107.31	18,243
Teva Pharmaceutical	335	46.28	15,505	56.18	18,820
Thermo Fisher Scientific, Inc.	150	56.13	8,420	47.69	7,154
Vanguard Dividend Growth Fd - IV	1003	11.60	11,630	13.17	13,204
Vanguard Total International Fd #133	1409	12.75	17,962	14.41	20,301
Total Equities			$292,058		$308,670
Total Assets			**$299,162**		**$315,774**

Beginning Portfolio Value (9/30/09)	$298,723
Ending Portfolio Value (12/31/09)	$315,774
% Change for 4th Quarter 2009	**5.71%**

2009 Portfolio Activity – Purchase Transactions

	Company Name	Ticker	Date	Shares	Price	Outlay	
Quarter 1	Proshares UltraShort Lehman	TBT	2/25/2009	180	$45.92	$8280	
	Proshares UltraShort Lehman 7-10	PST	2/26/2009	150	54.64	8208	
	Fidelity High Income Fund #455	SPHIX	3/16/2009	993	5.99	5,950	
	Eaton Vance Income Fund #31	EVIBX	3/16/2009	1496	3.88	5,805	
	SDPR Gold Trust	GLD	3/18/2009	70	91.79	6,430	
	Federated Max-Cap Instl Fd #39	FISPX	3/25/2009	29.35	9.13	268	$34,941
Quarter 2	Powershares Preferred Portfolio	PGX	4/6/2009	650	9.72	6,370	
	Vanguard Conv Securities Fd #82	VCVSX	4/20/2009	1393	10.18	14,182	
	TEVA Pharmaceutical	TEVA	4/22/2009	160	44.38	7,114	
	International Business Machine	IBM	4/22/2009	70	101.20	7,089	
	Transocean Incorporated	RIG	4/22/2009	100	68.14	6,821	
	Scotts Miracle Grow	SMG	4/29/2009	190	38.12	7,257	
	Southwestern Energy	SWN	5/1/2009	205	34.05	6,996	
	Southwestern Energy	SWN	5/6/2009	202	36.22	7,332	
	Proshares UltraShort Lehman 7-10	PST	5/6/2009	130	55.00	7,160	
	Proshares UltraShort Lehman	TBT	5/6/2009	145	50.32	7,307	
	Strayer Education	STRA	5/11/2009	50	188.00	9,405	
	Transocean Incorporated	RIG	5/11/2009	100	75.00	7,518	
	Fidelity High Income Fund #455	SPHIX	5/12/2009	1091	7.03	7,667	
	Eaton Vance Income Fund #31	EVIBX	5/12/2009	1483	4.60	6,825	
	Powershares Preferred Portfolio	PGX	5/15/2009	650	11.63	7,611	
	SPDR Gold Trust	GLD	5/28/2009	100	94.25	9,433	126,087
Quarter 3	Federated Max-Cap Instl Fd #39	FISPX	6/25/2009	22.98	10.20	234	
	Vanguard Total International Fd #133	VGTSX	7/30/2009	1409	12.75	17,962	
	Vanguard Dividend Growth Fd - IV	VDIGX	7/30/2009	1002	11.60	11,630	
	FactSet Research Systems	FDS	8/3/2009	150	55.21	8,293	
	Charles Schwab Corp	SCHW	8/19/2009	800	18.63	14,968	
	FactSet Research Systems	FDS	8/19/2009	100	56.19	5,627	
	Federated Max-Cap Instl Fd #39	FISPX	9/25/2009	10.35	11.90	123	58,837
Quarter 4	Eaton Vance Greater India Fund CL A	ETGIX	10/13/2009	715.34	22.28	15,942	
	Express Scripts Inc	ESRX	10/28/2009	100	80.79	8,087	
	Express Scripts Inc	ESRX	11/17/2009	100	85.34	8,541	
	Market Vectors Coal ETF	KOL	11/24/2009	450	34.50	15,560	
	Market Vectors Agribusiness	MOO	11/24/2009	200	42.30	8,475	
	Powershares DB Base Metals F	DBB	11/24/2009	400	20.48	8,224	
	Federated Max-Cap Instl Fd #39	FISPX	12/8/2009	135.91	11.95	1,624	
	Aflac Incorporated	AFL	12/17/2009	350	46.70	16,373	
	Market Vectors Agribusiness	MOO	12/17/2009	150	44.06	6,620	
	Coach Incorporated	COH	12/17/2009	200	36.25	7,267	
	Powershares Nasdaq Internet ETF	PNQI	12/17/2009	600	25.14	15,131	
	Federated Max-Cap Instl Fd #39	FISPX	12/28/2009	13.285	12.16	162	112,006
					Total	**$331,871**	

2009 Portfolio Activity – Sales Transactions

	Company Name	Ticker	Date	Shares	Price	Proceeds
Quarter 1	Kansas City Southern Inc.	KSU	2/11/2009	30	$ 19.82	$ 592
	Charles Schwab Corp	SCHW	3/12/2009	330	11.57	3,792
	Strayer Education	STRA	3/18/2009	47	172.60	8,108
Quarter 2	Scotts Miracle Grow	SMG	5/13/2009	190	32.30	6,121
	Stryker Corporation	SYK	6/5/2009	130	40.39	5,240
Quarter 3	Federated Max-Cap Instl Fd #39	FISPX	8/3/2009	357	11.20	4,000
	Varian Medical Systems Inc	VAR	8/3/2009	150	35.96	5,381
	Federated Max-Cap Instl Fd #39	FISPX	8/17/2009	1350	11.40	15,390
	Vanguard Conv Securities Fd #82	VCVSX	9/14/2009	700	12.04	8,428
Quarter 4	FactSet Research Systems	FDS	10/5/2009	125	66.00	8,234
	Eaton Vance Income Fund #31	EVIBX	10/13/2009	2980	5.35	15,942
	Fidelity High Income Fund #455	SPHIX	10/26/2009	2084	8.25	17,192
	Transocean Incorporated	RIG	11/3/2009	100	86.73	8,665
	Strayer Education	STRA	11/3/2009	50	210.31	10,511
	Charles Schwab Corp	SCHW	12/15/2009	800	18.70	14,896
	Proshares UltraShort Lehman	TBT	12/15/2009	280	47.69	13,331
	Vanguard Conv Securities Fd #82	VCVSX	12/15/2009	693	12.52	8,678
	Transocean Incorporated	RIG	12/17/2009	100	81.24	8,116
					Total	**$162,617**

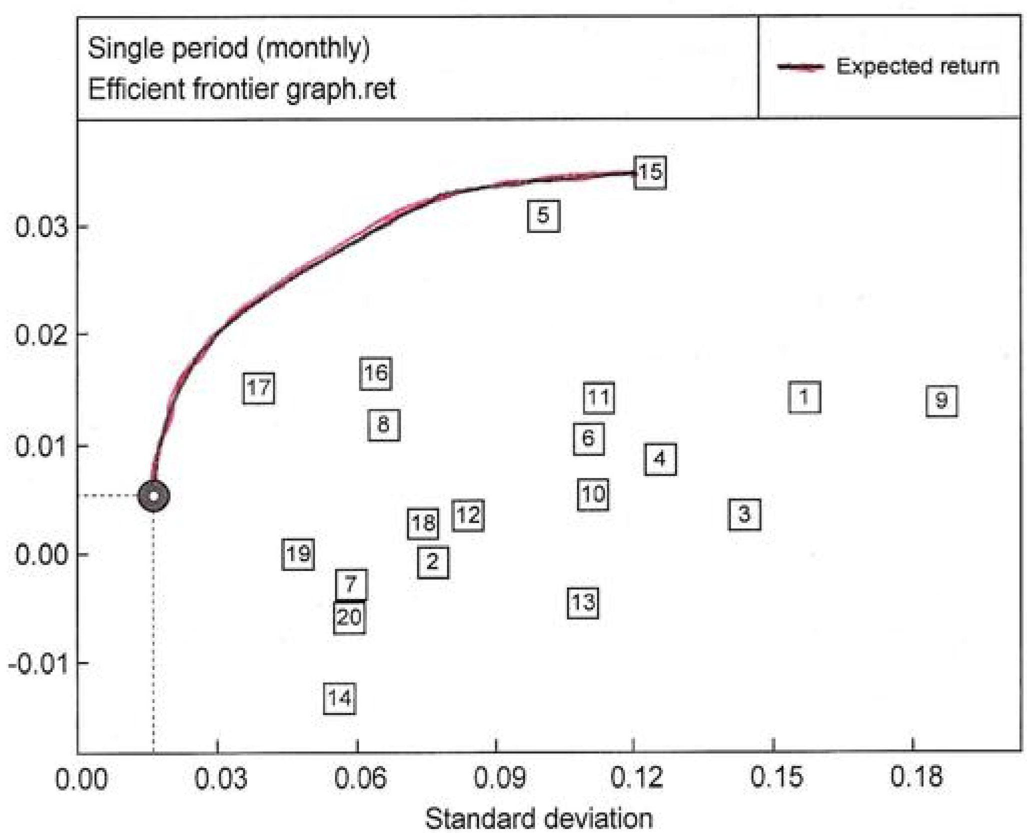
2009 Cash Dividends

Date	Company	Ticker	Shares	Dividends per Share	Total Cash
	Quarter 1				
1/30/2009	Stryker Corporation	SYK	130	$ 0.40	$ 52.00
2/27/2009	Charles Schwab Corp	SCHW	330	0.06	19.80
3/10/2009	International Business Machines	IBM	80	0.50	40.00
3/10/2009	Strayer Education	STRA	47	0.50	23.50
3/19/2009	Teva Pharmaceutical	TEVA	175	0.14	24.50
3/25/2009	Federated Max-Cap Instl Fd #39	FISPX	4,393	0.06	267.99
	Quarter 2				
4/1/2009	Fidelity High Income Fund #455	SPHIX	993	0.07	68.07
4/1/2009	Eaton Vance Income Fund #31	EVIBX	1,496	0.06	95.79
4/30/2009	PowerShares Preferred Portfolio	PGX	650	0.08	53.16
6/1/2009	Fidelity High Income Fund #455	SPHIX	2,084	0.04	80.37
6/1/2009	Eaton Vance Income Fund #31	EVIBX	2,980	0.04	105.85
6/3/2009	Teva Pharmaceutical	TEVA	335	0.15	50.36
6/10/2009	International Business Machines	IBM	150	0.55	82.50
6/10/2009	Strayer Education	STRA	50	0.50	25.00
6/25/2009	Federated Max-Cap Instl Fd #39	FISPX	4,423	0.05	234.40
6/26/2009	Vanguard Convertible Sec. Fund	VCVSX	1,393	0.11	154.64
6/30/2009	PowerShares Preferred Portfolio	PGX	1,300	0.17	224.78
	Quarter 3				
8/27/2009	Teva Pharmaceutical	TEVA	335	0.16	52.26
9/1/2009	Fidelity High Income Fund #455	SPHIX	2,084	0.14	281.41
9/1/2009	Eaton Vance Income Fund #31	EVIBX	2,980	0.13	381.55
9/10/2009	International Business Machines	IBM	150	0.55	82.50
9/10/2009	Strayer Education	STRA	50	0.50	25.00
9/15/2009	FactSet Research Systems	FDS	250	0.20	50.00
9/25/2009	Federated Max-Cap Instl Fd #39	FISPX	2,738	0.04	123.23
9/29/2009	Vanguard Convertible Sec. Fund	VCVSX	693	0.11	76.24
9/30/2009	PowerShares Preferred Portfolio	PGX	1,300	0.33	429.77
	Quarter 4				
10/1/2009	Eaton Vance Income Fund #31	EVIBX	2,980	0.04	124.42
10/9/2009	Eaton Vance Income Fund #31	EVIBX	2,980	0.00086	2.56
11/2/2009	Fidelity High Income Fund #455	SPHIX	2,084	0.05	93.85
11/10/2009	Charles Schwab Corp	SCHW	800	0.06	48.00
11/6/2009	International Business Machines	IBM	150	0.55	82.50
11/25/2009	FactSet Research Systems	FDS	125	0.20	25.00
11/30/2009	Eaton Vance Greater India Fund CL A	EVIBX	716	0.07899	56.52
12/4/2009	Teva Pharmaceutical	TEVA	335	0.16	52.52
12/8/2009	Federated Max-Cap Instl Fd #39	FISPX	2,749	0.59	1,624
12/15/2009	PowerShares Preferred Portfolio	PGX	1,300	0.30	395.35
12/23/2009	Market Vectors Agribusiness	MOO	350	0.42	147.70
12/23/2009	Market Vectors Coal ETF	KOL	450	0.31	138.60
12/24/2009	Federated Max-Cap Instl Fd #39	FISPX	2,885	0.06	161.55
12/30/2009	Vanguard Dividend Growth Fd - IV	VDIGX	1,003	0.15	150.39
12/30/2009	Vanguard Total International Fd #133	VGTSX	1,409	0.34	484.62
	TOTAL CASH DIVIDENDS				**$ 6,696**

The Financial Analyst Program Portfolio and the Efficient Frontier

The graph reflects historical returns from January 3, 2007 until December 31, 2009. The information is plotted based on historical monthly returns of individual assets in the Portfolio (Y-axis), and the monthly standard deviations (X-axis). The efficient frontier (the red curve) represents the maximum return given a level of risk that the FAP portfolio could have achieved by varying the weightings of each asset. For instance, we could have placed ourselves on the efficient frontier by investing 100% of our assets in Southwestern Energy, Box 15. The dark red square represents our portfolio allocation as of December 31, 2009. The graph illustrates that the FAP portfolio achieved greater return while taking on less risk relative to our performance benchmark, the S&P 500 (box 20), in this time period*. The graph shows the FAP portfolio has a lower standard deviation than any individual security, and the FAP portfolio's return is the weighted average of each individual security.

*Note: This graph assumes we bought each security listed on January 3, 2007 and held it until December 31, 2009. Hence, its value is in examining our current balance between risk and reward and not using it as an actual relative performance measure.



	Minimum standard deviation	
1	AFL	0.0112
2	VGTSX	0.0467
3	COH	0.0132
4	ETGIX	0.0173
5	ESRX	0.0272
6	FDS	0.0225
7	FISPX	0.0790
8	IBM	0.0627
9	KOL	0.0079
10	MOO	0.0223
11	PNQI	0.0217
12	DBB	0.0386
13	PGX	0.0231
14	PST	0.0871
15	SWN	0.0179
16	GLD	0.0667
17	TEVA	0.1815
18	TMO	0.0496
19	VDGIX	0.1231
20	S&P 500	0.0807
	Standard deviation	0.0165
	Expected return	0.0054