12-2012

The Archway Investment Fund Semi Annual Report, Fall 2012

Bryant University, Archway Investment Fund

The Archway Investment Fund

BRYANT UNIVERSITY

Semi-Annual REPORT • FALL 2012

Message from the President and Mrs. Machtley

The Archway Investment Fund was established to provide Bryant University students the experience and competitive advantage of making real world investment decisions - exactly like investment managers around the world. Based on this idea, the faculty, led by Professor David Louton, have developed a sophisticated pedagogy and set of investment protocols to create a world-class course on investment strategy.

The University provided an initial fund and annual augmentations (now over $650,000) to provide students the real-world experience of investing in financial markets. By applying the discipline of sector analysis and benchmark comparison, the students come to appreciate how theory and practice come together in real-time and in real-life. Managed by a student-led executive committee, the security analysis for the Fund, which is incorporated into a three credit course (Finance 450), provides a unique and powerful academic experience. In the follow up course, Finance 454, student portfolio managers begin to develop the perspective of seasoned professionals by the time the semester is complete. Through exposure to best-of-class investment practices in the financial world, Bryant students gain a real competitive advantage in the market place and establish the foundation for leadership throughout their careers.

The Fund also hosts an annual conference, the Financial Services Forum, where regionally and nationally respected financial experts share their views on the developing financial world. It gives us great pride to watch our distinguished faculty and students actively contribute to this important field of knowledge.

We are very proud of the students and faculty who have made the Archway Fund such a successful model blending academic theory and real-world experience. Well done and congratulations.

Ron and Kati Machtley

"Individuals who cannot master their emotions are ill-suited to profit from the investment process."

~John Maynard Keynes

Table of Contents

Investment Advisory Board

Rodney Baillargeon '76
Senior Vice President, Portfolio Manager
Bank of America

Henry Becker '94
Managing Director
Goldman Sachs

Nicholas Bohnsack '00
Operating Partner and Investment Strategist
Strategas Research Partners, LLC

Jonathan Burke '03
Senior Investment Analyst
Amica

Todd Carey '00 MBA
Vice President
J.P. Morgan Private Bank

Robert Covino '92
Senior VP of Product Development
SSARIS Advisors

J. Steven Cowen '69
Owner and Principal
Cowen & Associates

Michael Fisher '67
Chairman, Board of Trustees
Bryant University

Andrew Goldberg '03
Vice President
J.P. Morgan Asset Management

Kristen Goldberg '05
Assistant Vice President
Citi Private Bank

Frank Guest '06
Senior Financial Analyst
Hartford Investment Management Company

David Louton
Associate Dean, College of Business
Coordinator, C.V. Starr Financial Markets Center
Bryant University

Barry Morrison
Vice President for Business Affairs/Treasurer
Bryant University

Jack Murphy '84 MBA
Senior Portfolio Manager
Levin Capital

Peter Nigro
Sarkisian Professor of Financial Services
Bryant University

Peter Phillips
Vice President and Investment Officer
Washington Trust Investors

Jerry Porter
Director, Business and Industry Training
Fidelity Investments

Steven Rogé '03
Portfolio Manager
R.W. Rogé & Company, Inc.

Louis Silk '99
NYSE Sales Trader
Dermott Clancy, Inc.

Investment Objective

Our goal is to achieve a risk adjusted return that is equal to or exceeds the S&P 500 benchmark. We use the Sharpe ratio to measure risk and the portfolio's risk-adjusted performance. We implement a value based, active management strategy that focuses on finding companies with fundamental indicators which are better than their industry averages and are trading below their intrinsic value. These fundamentals, include: EV/EBITDA, price to earnings, return on equity, dividend yield, return on assets, return on invested capital, price to book value, EV/Sales, and beta.

We buy companies trading below their intrinsic value and offering a substantial margin of safety with fundamental indicators better than their industry averages that offer a substantial margin of safety. We hold companies for the duration of time it takes for the company to achieve its intrinsic value. We sell companies that fall below the fundamentals of their industry averages or have reached their intrinsic value.

Our process for determining intrinsic value involves quantitative and qualitative analysis. We identify market segments that are undervalued and search for companies within that industry that offer favorable criteria such as: financial ratios, operating metrics, stock metrics, operating margins, and growth opportunities.

When we believe a stock meets these criteria, we apply qualitative analysis. This includes researching a company to identify the following: business models, company strategy, management integrity, long term brand loyalty, market factors, sustainable competitive advantages and recurring revenues.

Once this research has been conducted, and we feel a company meets our investment objective, we build financial models to calculate the intrinsic value of a company.

In an attempt to outperform the S&P 500 benchmark, we plan to investigate American Depository Receipts, and opportunities in mid and small cap equities. Additionally, we will make use of covered options for the purpose of additional income and generating excess return.

"All intelligent investing is value investing — acquiring more than you are paying for. You must value the business in order to value the stock."

~Charlie Munger

Archway Investment Fund Performance

The Archway Investment Fund underperformed the S&P 500 index by 2.73% over the past ten months ending on October 31, 2012. In light of this, the Archway Investment Fund Beta is 25% lower than the S&P 500. With our lack of confidence in the market and in order to comply with our Investment Policy Statement (IPS) we held 16% of our portfolio in cash and substantially underweighted sectors we felt offered little opportunity. Furthermore, we expanded our positions in the sectors we felt were undervalued and offered a tremendous margin of safety. We believe this was an appropriate strategy given the market conditions and our Investment Objective.

Annualized Returns

Fund	YTD Return	Annualized YTD Return	YTD Differential Return	Beta
Archway Investment Fund	9.76%	11.71%	-2.73%	0.75
S&P 500 Index	12.49%	14.99%	-	1.00

"Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it."

-Ronald Reagan

Global

Despite scattered signs of improvement, the world economic situation and prospects continue to be challenging. After a marked slowdown in 2011, global economic growth will end the year tepid in 2012, with most regions expanding at a pace below potential. In the face of subdued growth, the jobs crisis continues, with global unemployment still above their pre-crisis levels as well as unemployment in the euro area rising rapidly. The risks to the global outlook are tilted to the downside. The euro area debt crisis remains the biggest threat to the world economy. An escalation of the crisis would likely be associated with severe turmoil in financial markets and a sharp rise in global risk aversion, leading to a contraction of economic activity in developed countries, which will carry over into developing countries in addition to economies in transition. A further sharp rise in global energy prices may also stifle global growth. Domestic and international policies should be coordinated on multiple fronts in order to break out of the vicious cycle of deleveraging, rising unemployment, fiscal austerity, and financial sector fragility in developed economies. Breaking this cycle requires policy shifts away from fiscal austerity and towards more counter-cyclical fiscal stances which are oriented to job creation and green growth. These policies need to be better coordinated across the major economies with continued expansionary monetary policies in developed countries, and accompanied by accelerated financial sector reforms and enhanced development assistance for low-income countries.

United States

The economic recovery in the US has gained momentum since the first half of last year, with moderate employment gains and an increase in the pace of consumer spending. Nevertheless, real GDP growth is projected to increase only gradually this year and next, as the economy is still overcoming important hurdles. Housing demand has increased noticeably, but the overhang of unsold homes and the tide of foreclosures will restrain the revival in residential investment.

The programmed expiration of tax cuts and emergency unemployment benefits, together with automatic federal spending cuts, would result in a sharp fiscal retrenchment in 2013 that might disrupt the recovery. Consolidation is necessary, but it should be implemented at a steady, gradual pace consistent with a medium-term plan to restore fiscal stability. Restricting tax expenditures would lower the deficit while reducing market distortions and narrowing income inequality. Monetary policy should remain accommodative as long as the extensive economic slack persists.

Financials

Real interest rates on 10 year treasuries have turned negative, and investors continue to search for high yielding investments pushing many investors into the equity markets. Consumers still have yet to drastically reduce their debt loads. Households have been unable to generate new wealth and income to pay off their debts. Income growth remains very low and this has been a problem for middle income families. M2 has been growing at a rate of 10%; a much higher rate than its 10 year average of 6%.
However we are cautious about the stability of the major firms in the financial sector.

Energy

Natural gas is viewed as the most important form of energy going forward due to it being a cleaner form of energy. The remaining important types of energy include nuclear, renewable, and coal. Coal is given the lowest significance as an energy form as it is considered the dirtiest form of energy and is not nearly as efficient as the other forms of energy are projected to be. However, one of the biggest areas of concern for the Energy Sector is the potential for increased environmental regulation.

Materials

We predict that, much like utilities stocks, materials stocks will provide defensive plays in portfolios over the next twelve months, therefore maintaining a neutral to positive outlook as well. Many chemical companies do happen to face technological advances with a new-coming “global green economy,” and it is believed that chemical companies could play a key role in this transition.

Utilities

With the low cost of financing due to low interest rates, utilities companies will continue to enjoy cheap financing in order to expand. The reason for the utilities sector to stay neutral would be the heavy expected investment in natural gas, which would take away from the electricity sub-sector’s market share.

Healthcare

According to the Congressional Budget Office, it is anticipated that health costs will increase roughly 6 percent overall. As a result, healthcare companies that offer innovation will contribute by a means of lowering costs and should prevail over the next few years; as will their stock prices. With Obama being re-elected, medical devices and supplies will be negatively impacted due to the increase in taxes. Pharmaceuticals, managed care, and facilities are expected to be positively impacted as a result of the increase in healthcare coverage. Finally, the aging baby boomers soon entering retirement will significantly increase demand for facilities.

Consumers Staples

The emerging markets of Asia, Eastern Europe, and Latin America offer ample growth opportunities for food companies. Growth of the affluent, urban middle class population is driving demand for processed & packaged foods in these markets. Aiming to cash in on rising health consciousness of consumers in the U S and foreign markets, consumer staples companies are constantly upgrading their offerings through innovations.

Consumer Discretionary

This sector is greatly impacted by economic conditions, particularly key metrics such as consumer confidence, employment and disposable income. Consumer confidence decreased to 60.6 in August, the lowest level in 2012. Unemployment decreased slightly to 8.1% in August, but has stubbornly remained in the 8.1% - 8.3% range throughout 2012. Year-over-year growth for disposable personal income modestly accelerated in July to 2.61% (vs. 2.43% in June), but it remains significantly below the long-term average of 3.8% (since 1990) and close to the lowest in twenty years.

Technology

Within the technology sector are holdings that have diverse products and service both requiring business and consumer spending. There are two primary issues that the technology sector will be dealing with throughout 2012. The first issue is the economy and, specifically, the near evaporation of IPOs. The second area relates to trolling for patent violations, which could threaten and most certainly slow down if not stifle innovation. Successful technology companies will need a much higher degree of integration throughout their engineering and R&D departments into their mainstream business, as well as accountability for outcomes and frequent progress milestones.

Industrials

With the United States Commerce Department issuing better than expected results for September retail sales, the same favorable metrics were placed on industrial production and capacity utilization. We expect that production will continue to increase, and with the month-over-month increase in capacity utilization, the industrials sector will greatly benefit. We are confident that with the increasing technologies that coal will still be a staple in American production and excavation.

Thoughts from Professor Dowling

Once again the Fall Archway Investment Fund students faced a semester of market uncertainty albeit different from one year ago. Both the third quarter earnings reports of October and a contentious Presidential election created a period of doubt. Whether or not companies report positive earnings is not necessarily a predictor of the market's response. Observing this team of thirteen dedicated portfolio management students as they tested their beliefs, their modeling and their commitment to their investment decisions was inspiring.

At different times they consulted with one another carefully to check and make sure they were building their proposals for purchases, holds and sells on foundations they mutually deemed solid. Moreover the team came together around supporting one another in re-checking if a security's downward movement was a temporary change that would later rise when the market recognized the value they felt they observed.

Briefly this team contemplated adopting last year's Investment Objective as they sought to implement the Archway Investment Policy Statement. Within the first weeks of the semester they had written and ratified an edited version claiming the beginning of a bottom-up view of the portfolio. As various speakers came and spent time with the student portfolio managers their understanding of differing investment policies and management styles deepened. This is the beauty of The Archway Investment Fund experience.

~Professor Maura Ann Dowling, CFP

Thoughts from Professor Inci

Archway Investment Fund students face very similar challenges as those confronted by investment professionals. The Securities Analysis students investigate the stocks in their assigned sectors and try to find mispricings that they can benefit from. The Portfolio Management students examine the macroeconomic conditions and decide what sectors to concentrate in and what sectors to move away from. The Archway courses offer excellent opportunities for Bryant University students to apply their creative ideas, research, and expectations in making real life investment decisions.

The Archway Fund students have been faced with several interesting and unique challenges this semester. The global financial outlook continues to be quite bleak. The European recession has intensified in Greece and Spain. Wealthier European countries such as Germany have performed relatively well and continued to make significant investments in research for new energy sources. China's slowing growth and political transition have added additional uncertainty to global markets. On the other hand, the domestic developments such as the natural disasters, the intense debate around the presidential and congressional elections, the outcomes of these elections, the urgent need to address the looming fiscal challenges, the upcoming debt ceiling adjustments, the implementation of the healthcare legislation, and the implementation of new financial markets regulations have certainly had significant impacts on the sectors and the stocks that the students have been investigating.

The global and domestic uncertainties have increased the complexity of analyzing the sectors as well as individual securities, and issuing investment recommendations in the Securities Analysis course. On the other hand, these dynamic economic and investment environments have provided invaluable leaning opportunities for the students.

~Professor A. Can Inci, Ph.D.

Letter from the Executive Committee

Coming into portfolio management from securities analysis we faced many challenges from the start. The task of implementing an Investment Policy Statement and creating an Investment Objective was a new and difficult undertaking as these documents proved to be the building blocks of our investment strategy for the semester. We decided to keep the main structure of the previous semester's Investment Policy while making minor preferential changes. We continued to use the Google Docs excel spreadsheet created by prior classes, with our current holdings while instituting an "ideas" list. This list was a quick communication resource for both securities analysts and portfolio managers to provide leads and ideas of potential stocks to purchase for the Fund.

As portfolio managers, we began the semester by analyzing all of the current holdings of the Fund, to understand the reasons why they were purchased and why we held them. Needless to say, our first class presenting our securities, we did not understand what it meant to be a portfolio manager. With the help of our professor, Maura Dowling, we applied the quantitative skills we learned in securities analysis with new skills of understanding intrinsic and extrinsic valuation to determine whether to hold or sell our securities.

The format of the portfolio manager class is set to resemble a work meeting, much different than the academia setting of securities analysis. The real-world business atmosphere proved to be an underlying lesson and another component that makes the Archway Investment Fund such a great learning experience. The guest speakers added another element of bringing real-world experience to the classroom and provide for great resources for students both now and in the future.

While our focus was on the interdependence of our sectors this semester, we found it was crucial to keep an open line of communication between the portfolio managers and the securities analyst so that two classes could work and operate as one. We want to set the future portfolio managers up to hit the ground running next semester and to be prepared for a smooth transition into their new roles.

(L-R From Back Row Clockwise) Mark Ortelle, Malvika Tibrewala, Sahil Khurana, J.P. Sullivan Not Pictured: Barrett Brooks

"Know what you own, and know why you own it."

~Peter Lynch

Securities Analysis

Securities Analysis – FIN 450

Course Description

Securities Analysis is the first course in the Archway Investment Fund sequence for students majoring in finance with an emphasis on investments. Students learn the basic tools and techniques of securities analysis and develop their skills by analyzing real firms, interacting with portfolio management students, and making recommendations to audiences, including investment professionals.

Topics Covered

The Securities Analysis class covers an array of topics, including:

- Research data sources and screening methods
- Security selection
- Discounted cash flow valuation
- Relative valuation methods
- Identifying growth and value opportunities

Portfolio Management – FIN 454

Course Description

Portfolio Management is the capstone course of the Archway Investment Fund sequence for students majoring in finance with an emphasis on investments. Students learn the basic tools and techniques of portfolio management and develop their skills by managing a real securities portfolio, interacting with securities analysis students, and presenting to audiences which include investment professionals.

Topics Covered

The Portfolio Management class covers an array of topics, including:

- Asset allocation
- Risk measurement
- Benefits of diversification
- Income generation
- Performance evaluation
- Investment Policy Statement development

Financial Sector

The Financial Sector is comprised of firms that provide products and services to commercial, institutional, and retail customers. The four primary subsectors include diversified financials, banking, insurance, and real estate investment trusts (REITs). The Financial Sector has experienced continued uncertainty and volatility following the financial crisis of 2008.

The financial industry appears to be under critical examination and pending regulation. Certain regulations like Dodd-Frank Wall Street and Consumer Protection Act have changed the landscape of the industry and have forced many financial companies to grow larger to absorb the increasing compliance cost and increased regulation.

However, it is important to note that historically these companies have found ways around regulation and have shown continuous growth. At this time many companies have been deemed "too big to fail" from regulatory provisions in Dodd Frank and this creates a certain amount of ambiguity in the industry.

Despite this uncertainty the financial sector has outperformed the market by 5%. It is inevitable that some of the largest financial firms will have to break up. This may create turmoil in the industry and diseconomies of scale. Either way it will drastically affect the industry. Looking at recent plans the only large financial firm that will not be forced to break up is Wells Fargo and we believe that by purchasing them we will be positioned well for any industry break ups.

Interest rates also drastically affect the financial industry. Most financial firms rely on AAA rated investments to safe guard their investments. Interest rates have been on a downward spiral and have caused banks to earn less income and thus lend out less to the community. In light of this, these low interest rates benefit the real estate markets. Overall the industry appears neutral in select areas of the industry, such as real estate and banks who offer a variety of investment products to their customers.

SECURITY ANALYSTS

(L-R) Tyler Waterman, Thao Hoang, Meaghan Flynn, Michael Lessor Not Pictured: Kevin Arruda

PORTFOLIO MANAGERS

(L-R) Adrian Leon, J.P. Sullivan

Financial Sector Returns (YTD): 29.93% *SPDR (XLF):* 22.15%

Trades

Sector	Date	Ticker	Stock Name	Trade	Quantity	Price
Financial	9/20/2012	REZ	iShares FTSE NAREIT	Sell	399	$ 48.81
Financial	10/22/2012	RGA	Wells Fargo	Sell	319	$ 57.52
Financial	10/24/2012	GS	JP Morgan Chase & Co.	Call	259	$ 185.00
Financial	10/24/2012	BLK	BlackRock Inc.	Call	100	$ 42.00
Financial	10/24/2012	JPM	JP Morgan Chase & Co.	Sell	12	$ 41.61

Current Holdings

Sector	Purchase Date	Ticker	Name	Shares	Purchase Price	Current Price	Stock Weight in Portfolio	YTD % Change	HPR % Change
Financial	9/29/2011	BLK	BlackRock Inc.	47	$ 151.66	$ 189.68	1.31%	3.28%	29.30%
Financial	2/22/2012	CB	Chubb Corp.	250	$ 68.66	$ 76.98	2.82%	11.21%	11.68%
Financial	10/25/2012	WFC	Wells Fargo & Co.	436	$ 34.31	$ 33.69	2.15%	22.24%	-0.09%

"Spend each day trying to be a little wiser than you were when you woke up."

~Charlie Munger

Technology Sector

The Technology Sector is made up of several different industries which we analyzed the felt confident would perform. This confidence stems from our belief in the growth of the software, IT services and telecommunications sub-sectors. Our positions in Vodafone, Cognizant Technology Solutions, Microsoft and IBM's focus to move from hardware business to software validate our beliefs. We also hold Google because of their top presence in several different sub-industries. We are confident in their strong brand recognition. The Technology Sector has decided to research and hold stocks that have long-term promise as well as less volatility compared to the sector and relative to the overall market.

Throughout the month of October we closely monitored Q3 earnings. The biggest release that impacted our holdings was the underperformance of Google compared to analysts' projections. Their earnings were released prematurely and the market reacted negatively with a 9.03% drop in the stock price on October 18, 2012. Since then, the price has risen slowly as sector managers we are optimistic that Google is a strong hold based on new product developments and investments into the smartphone industry, as evident by their Motorola acquisition this year. October was also an important month for another holding, Microsoft, with the impending release of their software platform, Windows 8. We are continuing to observe the reaction from the market on the stock price, because past releases have shown the price has risen the month after a launch of Windows products.

The Technology Sector has a beta of 0.93 which benefits the portfolio's success because it is measured on a risk adjusted return. Having stocks that are less volatile relative to the market helped us over the tumultuous October when the market suffered. Our stocks for the most part were defensive and outperformed the sector SPDR, XLK. The Technology Sector holds all large cap stocks representing 20.04% of the portfolio; instead of selling off our positions to invest in mid cap or small cap companies, we decided to continue to hold all five stocks because of our confidence in each over the next 1-2 years. We sacrificed short term movement for the sector, for what would be best over the long-term for the Fund. We are confident in each of our five holdings and we believe they will provide great returns for years to come.

SECURITY ANALYSTS

(L-R) Andre Abouhala, Kyle Nyskohus, Allison Pavao, Sunny Raha, Sean Hung

PORTFOLIO MANAGERS

(L-R) Mike Pentz, Sahil Khurana
Not Pictured: Barrett Brooks

Technology Sector Returns (YTD): 17.24%   *SPDR (XLT):* 13.44%

Trades

Sector	Date	Ticker	Stock Name	Trade	Quantity	Price
Technology	10/1/2012	GME	Google Inc. Cl A	Sell	20	$ 761.03

Current Holdings

Sector	Purchase Date	Ticker	Name	Shares	Purchase Price	Current Price	Stock Weight in Portfolio	YTD % Change	HPR % Change
Technology	12/18/2009	GOOG	Google Inc. Cl A	57	$ 596.42	$ 680.30	3.69%	5.33%	14.34%
Technology	11/2/2011	IBM	IBM Inc.	128	$ 173.29	$ 194.54	3.65%	5.79%	3.78%
Technology	11/2/2011	VOD	Vodafone Group PLC	1068	$ 25.70	$ 27.23	4.26%	-2.85%	-3.42%
Technology	9/29/2011	CTSH	Cognizant Technology Solutions	394	$ 65.05	$ 66.65	3.84%	3.64%	6.57%
Technology	3/28/2012	MSFT	Microsoft Corp.	766	$ 32.07	$ 28.54	3.20%	9.93%	-12.24%

Industrials Sector

Our strategy for stock-picking is that first the stock must fit the Investment Objective, Investment Policy Statement, and have positive quantitative outlooks. We then move into the sub-sector industries within the Industrials Sector. These sub-sectors include aerospace and defense, air freight and logistics, building products, construction and engineering, electrical equipment, conglomerates, machinery, commercial services and supplies, airlines, marine, road and rail, and transportation infrastructure companies. As portfolio managers, we want the securities in the portfolio to match the sub-sectors we believe are going to perform well against the benchmarks of the S&P 500 and SPDR, XLI.

We are looking for indicators in specific sectors that can strengthen our analysis on the individual companies. We believe the economy has little determination on whether or not we believe the individual company is intrinsically undervalued. The key component to our bottom-up approach is our overall analysis on the individual company.

With the United States Commerce Department issuing better than expected results for September retail sales, the same favorable metrics were placed on industrial production and capacity utilization. The capacity utilization metric measures the rate at which potential output levels are being met or used. The month of September yielded a modest increase in Industrial production by .4%. This percentage gives insight into the overall slack that is in the economy at a given point in time. Capacity utilization rose to 78.3% in September, thirty basis point more than the 78% reading in August. We expect that production will continue to increase, and with the month-over-month increase in capacity utilization, the Industrials sector will greatly benefit. The Industrials sector typically has a high beta; the beta of the Industrials SPDR, XLI, is 1.24. As the economy performs well, the industrials sector usually outperforms benchmarks.

As China, Europe, the United States, and emerging economies gain momentum in production and recover from economic downfalls, the Industrials sector will expand and grow with it.

SECURITY ANALYSTS

(L-R) T.J. Burke, Trevor DeVitto, Nataly Cardona, Somto Okeke, Matt Pelletier

PORTFOLIO MANAGERS

(L-R) Mark Ortelle, Greg LeBorgne

Industrials Returns (YTD): 5.99%   *SPDR (XLI):* 8.12%

Trades

Sector	Date	Ticker	Stock Name	Trade	Quantity	Price
Industrials	6/6/2012	HON	Honeywell International Inc.	Sell	191	$ 54.19
Industrials	10/1/2012	SHS	Sauer-Danfoss	Buy	415	$ 40.47
Industrials	10/30/2012	CSX	CSX Corporation	Sell	610	$ 20.63
Industrials	10/30/2012	CMI	Joy Global	Buy	285	$ 59.68

Current Holdings

Sector	Purchase Date	Ticker	Name	Shares	Purchase Price	Current Price	Stock Weight in Portfolio	YTD % Change	HPR % Change
Industrials	3/7/2011	FDX	FedEx Corp.	320	$ 90.71	$ 91.99	3.23%	10.15%	3.72%
Industrials	10/11/2011	CMI	Cummins Inc	161	$ 95.75	$ 93.58	2.21%	6.32%	6.60%
Industrials	10/1/2012	SHS	Sauer-Danfoss	415	$ 40.47	$ 40.06	2.43%	10.63%	-3.24%
Industrials	10/30/2012	JOY	Joy Global	285	$ 59.68	$ 62.45	2.61%	-17.88%	6.55%

Consumer Discretionary and Staples Sector

The Consumer Discretionary and Consumer Staples sectors rely heavily on customer decisions and are therefore highly exposed to market behavior.

The consumer Discretionary Sector is affected more than Consumer Staples because the Discretionary Sector produces and sells superfluous products. Some internet and catalogue retailing, multiline retail, textiles, apparel and luxury goods, automobiles, and auto consumer services. The sector is led primarily by individuals in the market. If the market is suffering, it affects individuals which therefore affect Consumer Discretionary. The economy determines the amount of disposable income these individual consumers have to spend on superfluous products. The Consumer Staples sector, while still influenced by the market, is not as strongly exposed to consumer income. This is due to the Consumer Staples sector consisting of everyday necessities such as food, beverages, tobacco, and household products, These products are considered defensive because they are necessary to living. Staples do follow the market trends and economic conditions more defensively than discretionary.

SECURITY ANALYSTS

(L-R) Michael Staples, Amanda Smith, Ariel Galipeau, Kevin Arruda

The economy is currently showing signs of improvement, however recovery will be slow and there is uncertainty about future conditions. One of the primary factors affecting the consumer sectors is the unemployment rate, which is currently stagnant. There has been little movement in the unemployment rate since January. The rate has declined slightly from just above 8% to just below, but not enough to guarantee confidence. However, Federal Reserve Chairman Ben Bernanke has created a quantitative easing plan that is likely to generate jobs and aid in economic recovery. His plan consists of purchasing $40B in Mortgage Backed Securities each month for an undetermined period of time. Although decreasing the unemployment rate will aid the consumers sectors, this recovery plan could negatively affect the sector as well. The purchase of these securities will weaken the U.S. dollar and raise inflation, both of which will have a negative impact on Consumer Discretionary and Staples sectors.

Other factors that are affecting the consumers sectors are the rising cost of commodities, consumer confidence, and disposable income. The price of commodities is on the rise. As these prices increase, the cost of production for most of the companies within the consumer sectors will be negatively affected. The cost for Consumer Discretionary is affected by material commodities, such as fabrics and metals. The price of most of these commodities has actually decreased over the last year; however copper, gold, lead, silver, and industrial inputs have all increased over 5%. Increasing costs for the Consumer Staples sector, the price of food and beverage commodity has increased over 5% in the last year, and the food index has increased almost 8%. Barley and corn commodities are both over 18%. The US Bureau of Labor Statistics reported October 31 that the CPI increased by 2.2% for 2012. The rate of disposable income is particularly important for the Consumer Discretionary sector but also impacts the Consumer Staples sector. Personal disposable income dollars have increased by 1.3% over the last 5 months and the personal consumption expenditures have increased by 1.5%. Both of these trends are beneficial to the consumer sectors while the CPI increase outpacing them is not.

PORTFOLIO MANAGERS

(L-R) Zoe White, Malvika Tibrewala

The sector goals for this semester have been to select companies according to our investment policy that are mid to small cap that offer long term growth opportunities. Within our sector we are working towards selling some of our mature securities and purchasing stock in companies with strong intrinsic value. We are looking at companies that are developing their brand recognition that are relatively new to the market. This will help aid the fund in meeting our investment objective for percentages of large, mid, and small cap. Also, by investing in less developed businesses our investments are more likely to offer higher returns. Currently our holdings consist of mostly large brand names, such as Coca-Cola and McDonald's. However, we recently purchased Buffalo Wild Wings, and have proposed Harman International as some companies with lower brand recognition but strong investment opportunity.

Going forward, we will continue to scan the securities market for mid and small cap companies that offer investment potential and high returns. We will focus on extrinsic fundamentals such as beta, ROE, dividend yield, ROA, and P/E rations. These values will help us to determine stocks that will merit a closer look and outperform the market and our benchmarks. On top of these extrinsic values, we will look towards intrinsic value, such as management structure and integrity, competitive advantages, and business models. The qualitative aspects of the company will help our sector avoid short term growth stock and target long term value stocks. Overall we would like to seek diversification within companies that have yet to fully mature.

Consumer Discretionary Returns (YTD): -6.53% *SPDR (XLY):* 18.07%
Consumer Staples Returns (YTD): 7.28% *SPDR (XLP):* 8.93%

Trades

Sector	Date	Ticker	Stock Name	Trade	Quantity	Price
Discretionary	9/20/2012	AAP	Advanced Auto Parts	Sell	21	$ 68.80
Discretionary	10/30/2012	BIG	Big Lots Inc.	Sell	379	$ 29.24
Discretionary	10/30/2012	BWLD	Buffalo Wild Wings	Buy	148	$ 74.71

Current Holdings

Sector	Purchase Date	Ticker	Name	Shares	Purchase Price	Current Price	Stock Weight in Portfolio	YTD % Change	HPR % Change
Discretionary	10/25/2005	MCD	McDonald's Corp.	200	$ 32.29	$ 86.80	2.54%	-13.49%	50.38
Discretionary	9/29/2011	JWN	Nordstrom Inc.	180	$ 46.65	$ 56.77	1.50%	14.19%	24.71%
Discretionary	3/28/2012	SPLS	Staples	830	$ 16.48	$ 11.52	1.40%	-17.10	-30.71
Discretionary	10/30/2012	BWLD	Buffalo Wild Wings	148	$ 74.71	$ 76.00	1.65%	12.58%	0.17%
Staples	11/20/2007	KO	Coca-Cola Co.	464	$ 62.30	$ 37.18	2.53%	6.29%	18.75
Staples	11/9/2009	PG	Procter & Gamble Co.	191	$ 61.61	$ 69.24	1.94%	3.79%	13.42%
Staples	4/20/2010	GIS	General Mills Inc.	323	$ 35.32	$ 40.08	1.90%	-0.82%	14.18%
Staples	11/18/2010	MO	Altria Group Inc.	478	$ 24.74	$ 31.80	2.23%	7.25%	12.38%
Staples	3/1/2012	NSRGY	Nestle SA	254	$ 61.39	$ 63.47	2.36%	9.75%	3.33%

"Price is what you pay; value is what you get. Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down."

~Warren Buffett

Healthcare Sector

The Healthcare Sector comprises opportunities in four main subsectors: pharmaceuticals, managed care, medical devices and supplies, and facilities. Healthcare is a defensive sector and we strongly believe that the sector as a whole has positive opportunity for growth. We currently hold securities in each sub sector which consists of Teva, Covidien, WellPoint, Ensign, and Express Scripts.

The XLV, healthcare sector spider, has been capitalizing on the pharmaceutical subsector. The patent cliff will positively affect generic drug companies especially between 2012 and 2013. We purchased Teva Pharmaceuticals Industries Ltd. (TEVA), a large cap generic pharmaceutical company, that we believe will significantly benefit from many blockbuster drugs losing their patents.

The macroeconomic trend of a decreasing unemployment rate promotes an increase in individual incomes as well as an increase in discretionary income. We strongly believe in The Ensign Group (ENSG), a small cap skilled nursing facility with retirement communities in the Western United States. Ensign should benefit from the demographic trend of an aging population throughout the upcoming years.

Express Scripts (ESRX), a pharmacy benefit manager, closed its $29.1 billion acquisition of Medco in April 2012. The integration process of the two companies is going well and Express Scripts has produced positive returns overall for the AIF.

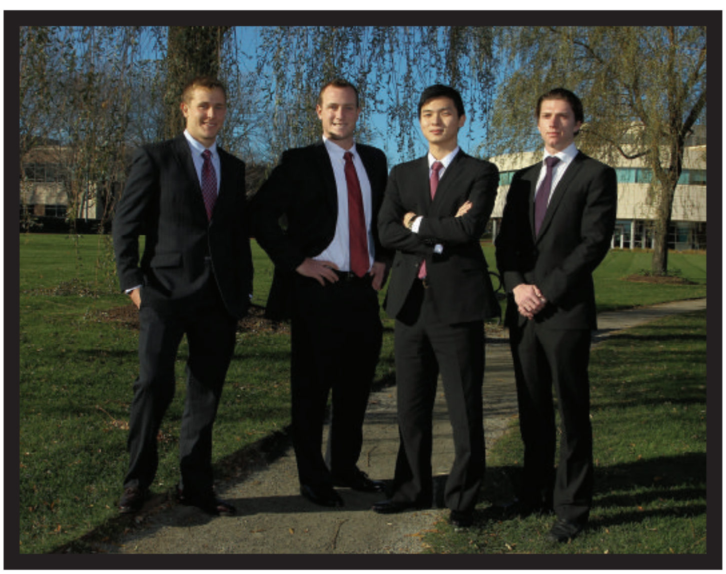
Covidien (COV), a global leader of healthcare products, has produced positive return for the fund throughout the past few quarters and is expected to continue this positive growth in the future. However, once Obamacare is fully implemented, the company will be subject to increased tax on medical products which could potentially hinder performance.

WellPoint (WLP) is a leader of managed care organizations throughout the US. WellPoint's recent acquisition of Amerigroup Corp. will allow for long term growth due to Amerigroup being a leading provider of Medicaid to low income individuals. We maintain an optimistic outlook of WellPoint's financial strength throughout the next few years.

The Patient Protection and Affordable Care Act (Obamacare), signed into law March 23rd, 2010 and upheld June 28, 2012, ensures that all Americans are covered by the health care industry. The recent presidential election outcome solidified that Obamacare will be fully implemented by January 2014 and will provide up to 32 million Americans with health insurance coverage. It is expected that hospitals, the generic drug market, and managed care will benefit positively from this reform, while medical devices and supplies will be burdened from the increase in taxes.

Moving forward, in order to find undervalued companies that have not reached their intrinsic value, we believe it is essential to determine which sub sectors have the most potential for the upcoming years. We believe it is necessary to secure strong weightings in the pharmaceutical subsector, potentially increase weightings in managed care, and decrease weightings in medical devices and supplies.

SECURITY ANALYSTS



(L-R) John Poirier, Patrick Graydon, Do Hyung Kim, Pieter Niesten

PORTFOLIO MANAGERS

(L-R) Cristina Destafanis, James Lineberger

Healthcare Returns (YTD): 17.34%　　　*SPDR (XLV):* 15.31%

Trades

Sector	Date	Ticker	Stock Name	Trade	Quantity	Price
Healthcare	10/25/2012	MYL	Mylan Inc.	Sell	641	$ 24.61
Healthcare	10/30/2012	TEVA	Teva Pharmaceutical	Buy	376	$ 40.83

Current Holdings

Sector	Purchase Date	Ticker	Name	Shares	Purchase Price	Current Price	Stock Weight in Portfolio	YTD % Change	HPR % Change
Healthcare	4/20/2010	WLP	Wellpoint Inc.	208	$ 57.98	$ 61.30	1.87%	-7.46%	3.74%
Healthcare	9/28/2011	COV	Covidien PLC	220	$ 44.97	$ 54.95	1.76%	22.07%	20.61%
Healthcare	9/28/2011	ESRX	Express Scripts	341	$ 38.33	$ 61.54	3.07%	37.31%	58.99%
Healthcare	2/15/2012	ENSG	Ensign Group Inc.	580	$ 26.06	$ 29.16	2.48%	19.01%	10.64%
Healthcare	10/30/2012	TEVA	Teva Pharmaceutical	376	$ 40.83	$ 40.42	2.23%	0.15%	0.35%

"The stock market is filled with individuals who know the price of everything but the value of nothing."

~Philip Fisher

Economic Analysis and Emerging Opportunities Sector

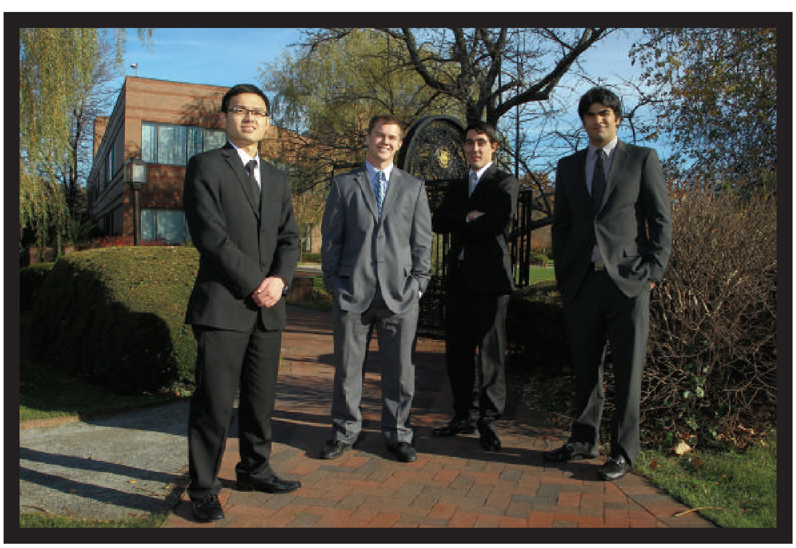
The Economic Analysis and Emerging Opportunities Sector (EEO) is responsible for investments in the Energy, Materials, and Utilities Sectors. Companies in the Energy Sector produce and develop natural gas and crude oil, as well as provide drilling and other energy related services. Through innovative technology in this sector such as hydro-fracking and horizontal drilling we expect production to continue growing through 2013. Additionally, as more countries become more developed we expect increased international demand as a necessity to fuel economic growth.

We believe that natural gas liquids will be significant due to an increased focus on cleaner energies. By focusing on cleaner energies companies like Halliburton are well positioned for growth. With the energy sector expected to perform well in the next decade, refiners and pipeline companies should expect strong revenues. With regards to coal, President Obama plans to limit the use of dirty coal and shift his attention to potentially cleaner sources of energy, like wind and solar, and see these as potential future business areas to invest in. Overall we have a positive outlook on the future of the energy sector and believe that there may be further opportunities in alternative energies.

The Materials Sector consists of firms involved in construction materials, packaging and containers, metals and mining, paper and forest products, and basic chemicals. The basic chemical company has remained strong and is expected to do so into the future. With the housing market expected to be one of the main indicators of recovery for the country, the gradual increase in the housing sector will boost demand for steel and lumber. Praxair and Stepan Company have performed well this year and still have room to grow. Newly added HollyFrontier Corp. is also expected to post impressive returns in the long run, as it has performed well since its purchase in October this year.

Companies in the Utilities Sector generate, produce, distribute, or transmit electricity or natural gas. Nuclear power companies still face the hurdles of heightened regulation and tougher evaluation parameters. Many new sources of energy have been the main focus of the industry, which directly affects energy transmission companies within the Utilities Sector. We expect that the winter season will be a main source of increased demand for electric utilities. Duke Energy has been a source of disappointment, especially with a recent credit downgrade. Although it hasn't lost the fund any money, it should be closely monitored. NextEra Energy has experienced good headlines lately, becoming more well-known as one of the largest electric power companies in North America, in addition to a notable ROE and increase in net income.

SECURITY ANALYSTS



(L-R) Hieu Tran, Kyle Crowley, Matt Goggins, Avkash Motiani

PORTFOLIO MANAGERS

(L-R) Tyler Smith, Mike Banville

Energy Sector Returns (YTD):	1.41%	*SPDR (XLE):*	3.98%
Materials Sector Returns (YTD):	12.32%	*SPDR (XLB):*	7.43%
Utilities Sector Returns (YTD):	10.69%	*SPDR (XLU):*	2.47%

Trades

Sector	Date	Ticker	Stock Name	Trade	Quantity	Price
Energy	5/22/2012	FLS	Flowserve Corp.	Sell	95	$ 104.85
Materials	10/25/2012	HFC	HollyFrontier Corp.	Buy	285	$ 38.89

Current Holdings

Sector	Purchase Date	Ticker	Name	Shares	Purchase Price	Current Price	Stock Weight in Portfolio	YTD % Change	HPR % Change
Energy	5/8/2009	CNX	Consol Energy Inc.	406	$ 40.25	$ 35.16	2.01%	-4.20%	-0.14%
Energy	5/7/2010	STO	Statoil ASA ADS	385	$ 21.39	$ 24.55	1.38%	-4.41%	-0.62%
Energy	2/25/2011	CVX	Chevron Corp.	95	$ 74.38	$ 110.24	4.31%	4.49%	12.62%
Energy	9/29/2011	HAL	Halliburton Company	353	$ 30.52	$ 32.39	1.67%	-6.43%	1.96%
Materials	5/8/2009	PX	Praxair Inc.	66	$ 73.16	$ 106.21	1.03%	-0.69%	43.38%
Materials	11/24/2010	SCL	Stepan Co.	158	$ 72.24	$ 95.80	2.22%	15.64%	34.00%
Utilities	3/2/2011	NEE	NextEra Energy Inc	293	$ 56.20	$ 70.06	3.01%	9.18%	27.12%
Utilities	2/9/2012	DUK	Duke Energy Corp	222	$ 21.45	$ 65.69	2.14%	-0.31%	2.42%

"It's not how much money you make, but how much you keep, how hard it works for you, and how many generations you keep it for."

~Robert Kiyosaki

Archway Investment Fund Administrative Committees

Reporting Committee

The Reporting Committee designs and creates the Archway Investment Fund Semi-Annual Report. This report is circulated among the Advisory Board, the Bryant University Board of Trustees, as well as Bryant University students and alumni who currently work in the finance and financial services industries. The report contains sector reviews and outlooks, committee responsibilities, financial data, performance data and an economic outlook for the upcoming semester. The report is a culmination of the hard work that the students of the Archway Investment Fund have accomplished throughout the semester and is an excellent tool to display the skills that students have acquired. This semester the Committee spent a lot of time reformatting the style and content of the Report in an attempt to give it a fresh new look.

Compliance Committee

The Compliance Committee is responsible for tracking the holdings of the Archway Investment Fund and determining whether the Fund is in compliance with the Investment Policy Statement. The committee must track metrics such as price targets, re-evaluation prices, security and sector weightings, market capitalizations, betas, and holding periods. This committee must fully understand the Investment Policy Statement and take actions with the portfolio accordingly. This semester the Committee updated our Google Docs spreadsheet so that it will provide students with updates on current holdings that more accurately portray our market position. The Committee also played a key role in developing the Investment Objective, which provides a clearer understanding of the Fund's investment approach.

Portfolio Accounting Committee

The Accounting Committee is responsible for tracking the performance of the Fund throughout the semester and year. This includes tracking both the purchases and divestiture of positions, daily performance of current holdings, dividends received, and stock splits. These actions are cross-referenced with statements from our brokerage account with Fidelity, where we reconcile differences on a monthly basis. The Committee has made great efforts at finding more efficient and effective ways to collect information regarding the Fund's performance with respect to transactions that occurred.

Marketing Committee

The Marketing Committee is responsible for promoting awareness of the Archway Investment Fund throughout the semester. The committee provides the needed communication between the Fund and the Bryant community. To promote awareness of the Fund on campus the Marketing Committee performed a variety of activities including visiting classes to explain the program to perspective students, as well as conducting interviews for new members. Special emphasis was placed on speaking to International Business classes in order to attract students with knowledge of international markets.

Macroeconomic Committee

The Macroeconomic Committee is responsible for keeping the class aware of changes taking place in the global economy. It is important for us to be aware of interest rates, inflation, GDP, and other indicators which could adversely effect our investment decisions. Throughout the semester, the Committee has given updates on relevant global news occurrences that may affect our current holdings or present investment opportunities.

Research Committee

The Research Committee is responsible for the creation of a research report outlining the investment strategies implemented by the sectors to achieve the Fund's Investment Objective. This research report served as a method to share economic trends, industry outlooks, and investment information across the sectors. Through the creation of the research report, we believe Securities Analysts and Portfolio Managers have a better understanding of the factors affecting the market and trends occurring in the other sectors.

Ad-Hoc Options Committee

The Options Committee focused on using options strategies in order to provide additional income into the portfolio. The Committee explored the implementation of low risk strategies such as covered calls and protective puts on certain holdings. Since the Consumer Discretionary Portfolio Managers did not want to sell out of their strong position in Advance Auto Parts, the Committee placed a covered call on the security.

Ad-Hoc Final Presentation Committee

The Final Presentation Committee is in charge of developing the framework and planning out the final semester presentation of the Archway Investment Fund. The Committee focuses on increasing attendance and making the overall presentation more dynamic and interesting. This semester the Committee has made an effort to include students from each sector in the preparation process so that everyone will be ready for the final presentation.

Archway Investment Fund Performance Charts

Archway Fund Morningstar Style Box

Market Capitalization	Value	Blend	Growth
Large	23.23%	33.65%	21.05%
Medium	1.72%	7.01%	2.57%
Small	0.00%	8.75%	2.02%

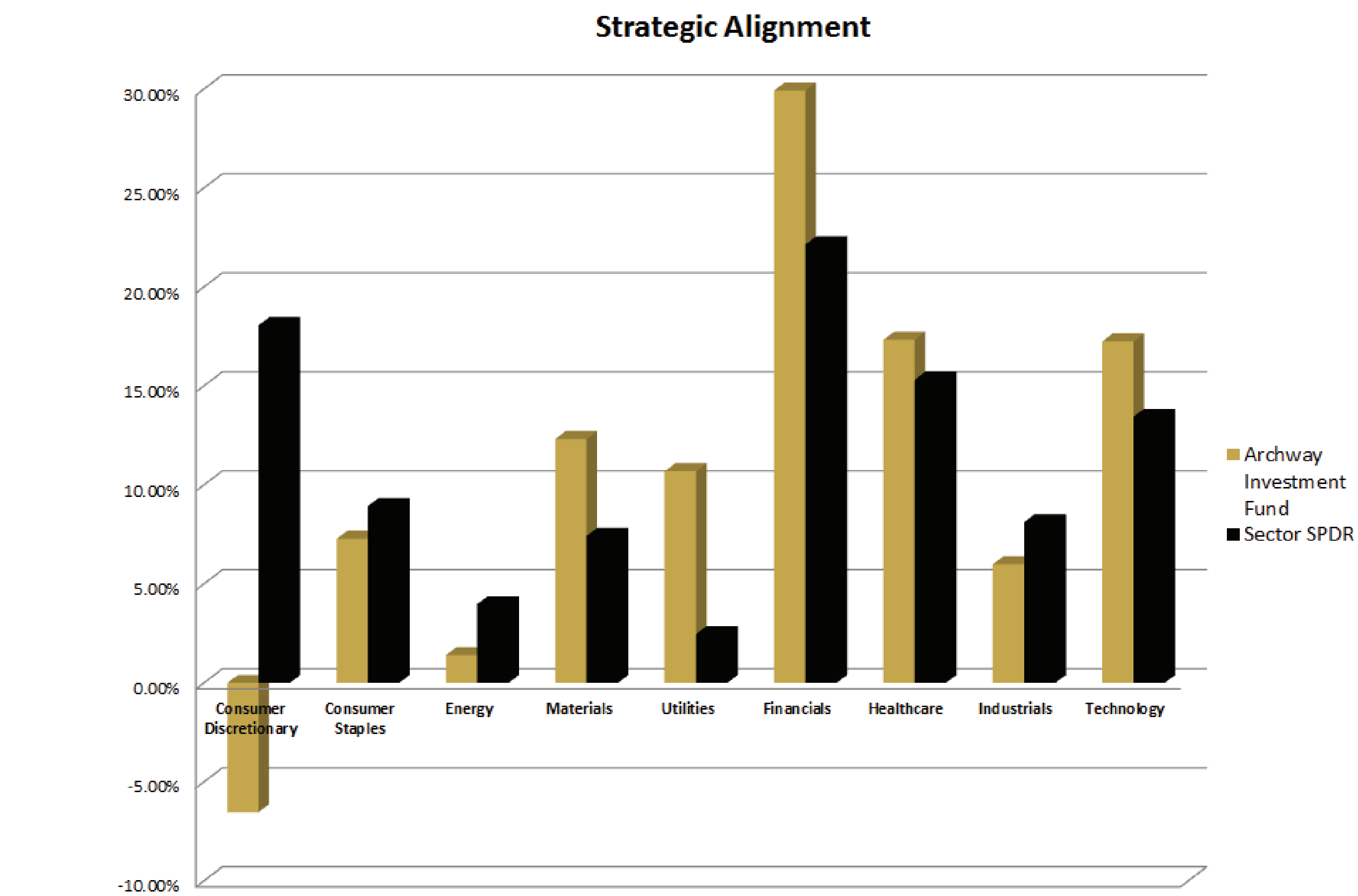
Valuation

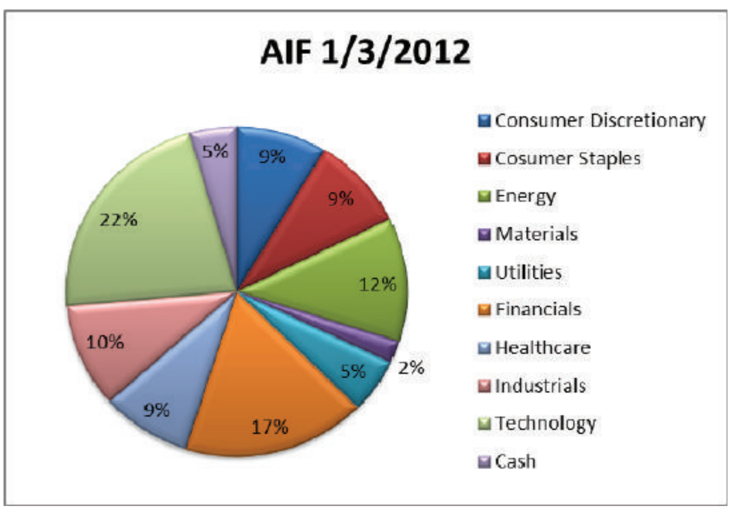
This is the distribution of stocks in the portfolio. Companies are classified on the basis of size and a combination of a value score and a growth score.

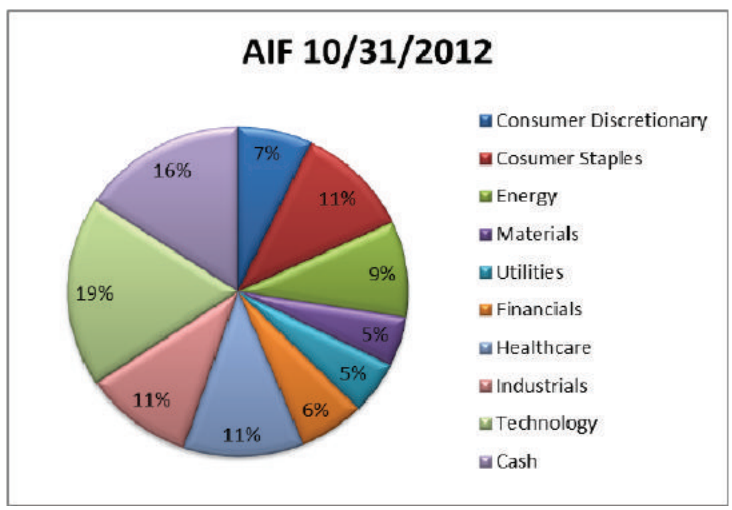
Year-to-Date Comparisons

Sector	Sector Weight	SPDR Weight	YTD Sector Returns	YTD Benchmark Returns	Sector Beta	Benchmark Beta
Financials	4.99%	14.18%	29.93%	22.15%	0.84	0.99
Technology	18.27%	22.63%	17.25%	13.44%	0.93	0.99
Industrials	10.29%	10.85%	5.99%	8.12%	1.87	1.00
Consumer Discretionary	7.14%	10.85%	-6.53%	18.07%	0.88	1.01
Consumer Staples	11.19	10.85%	7.28%	8.93%	0.44	0.99
Energy	9.15%	12.05%	1.41%	3.98%	0.82	1.00
Healthcare	10.76%	11.52%	17.34%	15.31%	0.79	1.00
Materials	3.34%	3.59%	12.32%	7.43%	1.64	1.00
Utilities	6.95%	3.47%	10.69%	2.47%	0.31	0.99
Cash	18.02%	-	-	-	-	-

This table displays returns for each sector portfolio along with the sector weights and beta, compared to those of the sector benchmark, as of October 31, 2012.







Portfolio	1/3/2012	10/31/2012	HPR includes dividends*	Beta
AIF	$622,245.22	$683,020.30	9.76%	0.75
SPY	$127.50	$141.35	12.49%	1

CFA Challenge

This year, Bryant University is competing in the local CFA Institute Challenge in Washington D.C. The CFA Institute Research Challenge is an annual global competition providing university students with hands-on mentoring and intensive training in financial analysis. Teams of three to five students are pitted in an intensive company analysis of a publically-traded company. Through this involvement students get real-world training through the development of skills such as equity analysis, research report writing, and presentation skills. This year the CFA Institute Research Challenge involves the analysis of Marriott and the Bryant team is responsible for presenting their findings to a panel of judges. (Note: As a result the Archway Investment Fund is restricted from investment in Marriott until the competition is over.) Winners at this stage will move on to the regional level competition held in Toronto, and the following stage will be in London. The team is composed of one former Archway Fund member (Tim Drechsler-Martell), two portfolio managers (Cristina Destefanis, Tyler Smith), and two securities analysts (T.J. Burke, Trevor DeVitto).

(L-R) Trevor DeVitto, T.J. Burke, Tim Drechsler-Martell, Cristina Destefanis, Tyler Smith

(L-R) Tyler Smith, Tim Drechsler-Martell, Cristina Destefanis

Rhode Island Foundation

On October 30th, two Archway Investment Fund portfolio managers traveled to The Rhode Island Foundation and met with Carol Golden, the Executive Vice President, and Michael Jenkinson, the Senior Vice President and CFO. Established in 1916, The Rhode Island Foundation is Rhode Island's only community foundation and is one of the oldest and largest in the country. The Foundation employs long-term investment strategies to ensure its endowment grows in perpetuity.

Over the past decade, the Foundation has increased its investment position in equities and has expanded the portfolio to include emerging markets, alternative investments, and global fixed income assets. In 2010, the Foundation provided a record $29.2 million in grants to its six funding sectors: Arts and Culture, Animal Welfare, Community and Economic Development, Education, Environment, Health, and Human Services.

The meeting was an excellent learning opportunity for the Archway Investment Fund portfolio managers to discuss the investment process of a nonprofit organization and see a different aspect of fund management. Topics included endowment management, asset allocation, and the spending policy of the investment portfolio. The Foundation works with the investment consultant firm Prime Buchholz and hires investment managers from various asset management companies to meet the Foundation's investment goals. The Archway Investment Fund would like to thank Carol Golden and Michael Jenkinson for hosting the meeting and sharing their experiences with managing the Foundation's investments.

For more information about The Rhode Island Foundation please visit their website at www.rifoundation.org.

(L-R) Mark Ortelle, Carol Golden, Michael Jenkinson, James Lineberger

AIF Alumni, Where are they now?

We reached out through our Archway Investment Group on LinkedIn to see where some of our Archway alumni are now. Below you will find information from three alumni who responded. Thanks!

If you haven't joined the Archway Investment Group please take the time to connect with us so we can continue to build up the AIF network. Stay in touch!

Matt Zewinski '06

Hartford Investment Management Company
Assistant Portfolio Manager

Job Description: I work with a small team responsible for managing $70Bn+ in a multi-sector fixed income portfolio. I spend the majority of my time focused on the credit sectors within the portfolio such as Investment Grade Corporates, High Yield Corporates, Emerging Markets, and Municipal debt. In addition, I also play a large role in the management of the Firms Credit Derivative holdings.

"The Archway Investment Fund has given me a competitive advantage and a superior understanding of the investment process since I began my career. I found that the format of the Archway program is structured in a way that accurately represents the real-world investment process in a way no other course can."

Dmitriy Smolyar '09

Liberty Mutual
Senior Financial Analyst

Job Description: I work in the Corporate Finance-Mergers & Acquisitions department. Currently, I'm in St. Petersburg Russia for four months helping with the integration and business strategy for Liberty Mutual's recently acquired Russian branch.

"The AIF helped me greatly in the beginning of my career to understand the structure of developing, presenting, and implementing any idea or project that I was working on. From financial modeling, to in-class presentations, it truly provided the closest atmosphere to the working world."

Tom Baumann '07

Fidelity Investments
Associate Performance Analyst

"The course work and hands on experience in the Archway gave me the strong work ethic it takes to succeed in Financial Services. Taking part in the Archway Fund, instilled a passion for investments that follows me both personally and professionally. Without the Archway Fund, I would not have been able to focus on my career aspirations and put myself on a path to success in Financial Services."

Special Thanks

Throughout the semester, the Archway Investment Fund students meet for a joint session on Thursday nights. At the beginning of the semester, the Portfolio Managers demonstrate to the Security Analysts how to give a proper stock pitch. As the semester progresses and the Security Analysts begin to better understand evaluation methods, they begin presenting stocks to the two classes.

Thursday evening classes also serve as a time for guest speakers to address the Archway Investment Fund students. We would like to extend a special thank you to the individuals listed below, who took time to share their insights with us in class and at other special events, such as the 7th Annual Financial Services Forum. In addition, we would like to thank Tina Senecal and Karen Duarte for help with this report, Diane Costa, the new Archway Coordinator, David Silverman for photography, Peter Nigro, Betty Yobaccio, Laura Kohl, as well as Amy Paul, Marcia Beaulieu, Sue Wandyes and all who are kind enough to lend a hand for the many aspects of the Archway Investment Fund.

Special thanks to the following guest speakers:

Ian Baker
VP of Derivatives and Risk Management
Pyramis Global Advisors

Theodore Benttinen
First Vice President
UBS Financial Services

Olga Bourtseva '11
Risk Analyst
Pyramis Global Advisors

Jon Burke '03
Senior Investment Analyst
Amica Mutual Insurance

Mark Carrison '05
Senior Accountant
DiSanto Priest & Co.

J. Steven Cowen '69
Principal
Cowen & Associates

Ashley Fritz
Consultant
FactSet

Corey Hill '11
Consultant
FactSet

Carol Golden
Executive Vice President & Chief Development Officer
The Rhode Island Foundation

Michael Jenkinson
Senior Vice President for Finance & Administration/ Chief Investment Officer
The Rhode Island Foundation

Marie Langlois
Retired Managing Director
Washington Trust Investors

Brett Lousararian '07
Asset Management
Invesco

Taylor Wood '12
Research Associate
Pyramis Global Advisors

Statement of Operations

January 1, 2012 through October 31, 2012

Market Value of Portfolio as of 1/1/2012	$622,634.87	
Income		
Dividends	$10,413.24	
Interest	$ 8.09	
	$10,421.33	
Less Expenses		
Trading Costs	$(343.13)	
	$10,078.19	
Increase (Decrease) in Market Value	$50,307.24	
Market Value of Portfolio as of 10/31/2012		$683,020.30

Realized Gain (Loss) on Investments		
Proceeds from Securities Sold	$263,944.72	
Cost of Securities Sold	$211,222.21	
Net Realized Gain (Loss) of Securities Sold		$52,722.51

"An investment in knowledge pays the best interest."

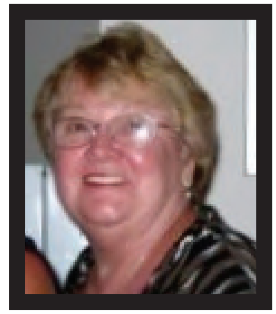
~Benjamin Franklin

"I checked over the Archway students' numbers three times. Everything looks good!"

~Tupper

With Gratitude to Jane St. Onge

Jane St. Onge, Archway coordinator and long-time colleague of Associate Dean David Louton began working at Bryant 25 years ago. Dean Louton began the Archway Investment Fund in 2005 with the invaluable administrative support of Jane St. Onge.

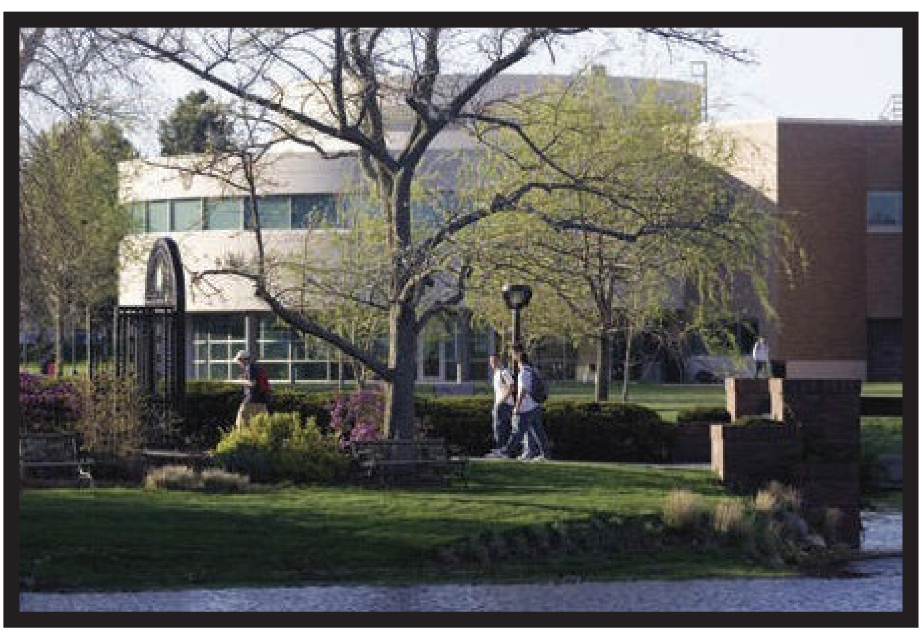


As Faculty Coordinator of Suite G at Bryant University, Jane had an excellent rapport with all faculty, staff, and students. Every semester of the Archway Investment Fund Jane kept the student recruitment and interview process operating smoothly as well as the many trips for the G.A.M.E. Forum in New York City and the R.I.S.E. conferences in Dayton, Ohio.

The past and present students of the Archway Investment Fund wish to sincerely thank Jane St. Onge for everything she has done to support and make the program such a valuable and successful part of the finance major at Bryant University.

(L-R) Maura Dowling, Jane St. Onge

Jane will be missed by all her colleagues and friends at Bryant University!



Passing the Torch

(L-R Top to Bottom Clockwise)
James Lineberger, Zoe White,
Adrian Leon, Malvika Tibrewala,
Mike Banville, Greg LeBorgne,
Tyler Smith, Sahil Khurana,
J.P. Sullivan, Tupper, Mark Ortelle,
Mike Pentz, Cristina Destefanis
Not Pictured: Barrett Brooks

We would like to thank the Board of Trustees, Dean Louton, Professor Dowling, Professor Inci, guest speakers, and all who are involved in making the Archway Investment Fund the great learning experience it is today. Without their help and expertise we would not be here with the vast knowledge we have learned both in the classroom and soon to be, the real world. As we portfolio managers now become alumni to the Fund, we would like to offer some words of advice to the upcoming portfolio managers and securities analysts.

One of the most important tasks you will be charged with when entering the fund is forming your identity as a portfolio manager as well as an investor. Creating a relationship with each individual security is essential, if you do not like a stock for a particular reason, get rid of it, as your views will always be skewed. Be positive that the intrinsic value of the company matches up with its quantitative value. You will find your identity as an investor, whether it be a value style, growth style, or somewhere in-between, we are all different. There are not many college courses that allow students to invest close to $700,000 of the university with the independence and freedom that this course offers. It is an opportunity of a lifetime, take full advantage of it.

The Investment Policy Statement and the Investment Objective are essential. They are the brick and mortar documents of all of your investing decisions as an investor in the Fund. Whether the stocks in the Fund are performing well, or poorly, you will be questioned on why they were purchased. Know that answer, and stand behind your decisions and beliefs, because with those two documents you will be able to confidently explain your reasoning. Always stay current on the news of your holdings in your sector, challenge the ideas of others, and challenge yourself as well.

It has been a privilege for all of us to work with the securities analysts, to see everyone learn and work as a team has been awesome.
There are no certainties in the market, or in life, but hard work and a thirst for knowledge will always bring you far. Lastly, enjoy yourselves, this is college, enjoy the time you have and regret nothing. As previously stated, this is an opportunity of a lifetime and the skills you learn will follow you for a long time.

Best Regards,

Portfolio Managers, Fall 2012

BRYANT UNIVERSITY | Archway Investment Fund | 1150 Douglas Pike | Smithfield, RI 02917-1284 | ArchwayFund@bryant.edu