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The Archway Investment Fund Semi Annual Report, April 2009

Bryant University, Archway Investment Fund

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The Archway Investment Fund

BRYANT UNIVERSITY



Semi-Annual Report • April 2009

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History of the Archway Investment Fund

ON NOVEMBER 7, 2005, BRYANT UNIVERSITY'S BOARD OF TRUSTEES pledged \$200,000 for students to invest and manage over a year as part of a hands-on learning process. At the end of the first semester, the student-managed fund had outperformed the S&P 500 by 1.56 percent. This success led the board of trustees to allocate another \$150,000 to the fund during the fall of 2006. The fund had its ups and downs over the next couple of semesters, much like the S&P 500. However, when the fund outperformed the S&P 500 by 4.46 percent in the fall of 2007, the board agreed to designate another \$150,000 dollars for the fund, which brought the total invested cash to \$500,000.

Each student involved in the Archway Investment Fund takes two classes as part of the experience – Securities Analysis followed by Portfolio Management. In the Securities Analysis course students learn how to identify and value securities for possible inclusion in the portfolio. Stocks that are deemed to have attractive investment potential are pitched to the class, defended, and put to a vote, before they are eligible for purchase. During the Portfolio Management course, students transition from security selection to the management of individual sectors. They decide on sector weights, choose and implement portfolio strategies, and evaluate the performance of the portfolio.

Throughout the years the Archway Investment Fund has evolved to include alternative investment strategies. The Fund continually adapts to accommodate the changing market environment. It gives the students a real-world experience and the tools they need to succeed at a higher level in today's work force. Since its inception in 2005, the Archway Investment Fund has been an invaluable tool for the students who have participated.

The Economy

THE ECONOMIC ENVIRONMENT HAS CHANGED SIGNIFICANTLY OVER THE PAST YEAR, particularly in the past few months, with a new administration in the White House. In December 2008, the Federal Open Market Committee took a drastic step and lowered the federal funds rate to the 0-0.25 percent range. The Federal Reserve has taken a number of actions – including the decision to purchase \$300 billion of long-dated treasuries – that resulted in unprecedented growth of its balance sheet. The acquisition of these Treasury securities is the first large-scale purchase of government debt since the 1960s, and has raised serious inflationary concerns among a wide range of economists.

Key indicators are showing that the decline in economic activity has slowed due to stronger than expected performance in the housing and retail industries. GDP dropped at an annual pace of 6.3 percent during the fourth quarter of 2008. Meanwhile, job losses increased, resulting in an 8.5 percent unemployment rate as of March 2009, which is expected to increase as the U.S. automobile industry downsizes. As a result, real consumer spending decreased 0.2 percent in February of 2009, while foreclosures continued to drive down home prices.

Some positive signs for the economy include a declining inventory of housing due to a rebound in home sales and attractive mortgage rates. Consumers have begun to de-leverage as the personal savings rate was reported to be 4.2 percentage of disposable income in February, compared to the near-zero rates of 2007. Nonetheless, it is still too early to conclude whether the fiscal and monetary policies set in place will provide adequate tools to exit the recession by the end of the year.

Note from the Coordinator

The student managers of the Archway Investment Fund have faced another very difficult semester. Although the market has come off the lows that we saw a month back, there have not been many other three month periods that have exhibited such pronounced swings in the market value of stocks. The normally challenging task of understanding the macro-economic forces at work in the market, and forming a viable portfolio strategy, was made significantly more difficult by the nature and scope of government intervention. Valuation models that are normally a cornerstone of our equity selection process must be regarded with a degree of skepticism when there is uncertainty about many of their key assumptions. Of course, it is always helpful to remember that professional portfolio managers and securities analysts have faced exactly the same challenges in recent months. Whatever the uncertainties about the direction of the markets, the learning opportunities afforded by trying to keep up, have been richer than ever. In that sense, this has been an outstanding period for the Archway Investment Fund.

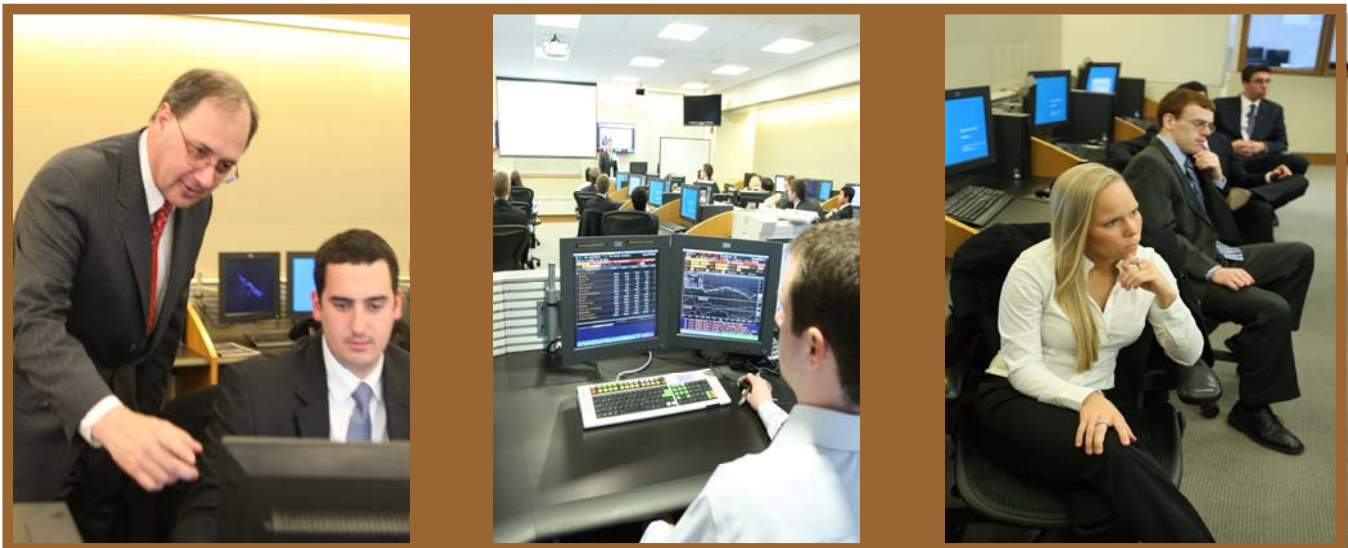


Professor David Louton

We have had some other exceptional opportunities this semester. In February we hosted our 4th annual Financial Services Forum. This year's theme was the future of the investments industry. We are grateful to Richard Fisher, President of the Federal Reserve Bank of Dallas, who provided the keynote address, and to the many other excellent speakers who helped us explore the various important aspects of this topic. Also in February, a team of students from the Archway Investment Fund classes competed in the New England Investment Research Challenge sponsored by the Boston Security Analysts Society. Finally, during the month of March, twelve student analysts and portfolio managers traveled to the 9th annual Redefining Investment Strategy Education (RISE) conference hosted by the University of Dayton.

The remaining pages of this report provide further details on the investment strategy adopted by Fund managers, as well as performance statistics, current holdings, and a statement of operations for the year to date. We are always looking for ways to improve, so if you have comments or suggestions please send them to archwayfund@bryant.edu.

-Prof. David Louton



Letter from the Executive Committee

TURBULENT MARKET CONDITIONS have brought on unique circumstances and excellent learning opportunities for the students of Securities Analysis and Portfolio Management. Despite extreme levels of market volatility, the Archway Investment Fund has managed to outperform its S&P 500 benchmark during the 1st quarter of 2009 by 2.51 percent.

In response to the continued economic downturn and subsequent market conditions, the Archway Investment Fund adopted a defensive strategy in the first quarter of 2009. Our managers have strategically positioned their sectors in efforts to protect the Fund's overall absolute value. Specifically, the Fund has underweighted the financial and industrial sectors while overweighting consumer staples and healthcare. In anticipation of a market rebound, our managers have begun to reposition the fund's allocations in order to continue to outperform the S&P 500 benchmark.

The members of the Executive Committee for the Fund anticipated extreme volatility during the first three months of 2009 due to drastic changes in fiscal and monetary policies. As a result, we chose to increase the Fund's cash position from approximately 12 percent at year-end 2008, to its current allocation of approximately 17 percent. Further, we emphasized the importance of eliminating broad sector strategies, and chose to identify sub-sectors that would benefit from the current economic environment. In addition, the committee decided to promote more timely and strategic moves across all sectors by placing a greater emphasis on individual stock picks. As part of the strategy, the Fund has gradually moved away from sector SPDRs and into individual equities. We were able to provide timely and effective reviews of new investment proposals, current holdings, and market conditions in order to respond appropriately to developing news.



(L-R) Matthew Buttarro, Matthew Moore, Dmitriy Smolyar, Cory Nelan, Matthew O'Rourke.

"During these unprecedented events in the financial markets, this class has been the learning experience of a lifetime, full of lessons I will take with me after graduation."

Matthew Moore

Events

R.I.S.E IX Forum



The ninth annual Redefining Investment Strategy Education (R.I.S.E.) Forum took place at the University of Dayton on March 26, 2009. Each year the forum brings

together acclaimed professionals from the investment field to share their insight and experiences with students. R.I.S.E. is the world's largest student investment forum, with more than 2,400 participants from 257 colleges and universities, and 71 countries, in attendance.

The University of Dayton and the United Nations Global Compact co-sponsored the Forum this year. Twelve students from the Archway Investment Fund and Fund Coordinator Professor David Louton were invited to the conference and attended presentations by renowned industry professionals including the President of the Federal Reserve Bank of Dallas, Richard Fisher, and CNBC's Senior Economics Reporter, Steve Leisman. They also had the opportunity to participate in special breakout sessions that focused on strategies in investment, career, and academic program development. The students participated in security analysis and portfolio management workshops and some took part in a live futures trading simulation.

The R.I.S.E. Forum is designed to provide cutting edge information regarding current economic conditions to students who actively manage assets. More than twenty keynote speakers participated in moderated discussions and responded to student questions on the first day of the forum. The second day involved panels of investment strategists and other professionals who shared informa-

Annual Financial Services Forum

The Annual Financial Services Forum, sponsored by Bryant University, Strategas Research Partners, and Fidelity Investments, was held in Janikies Theatre on February 24, 2009. The event focused on the financial crisis and included two panel discussions led by industry professionals. The first session featured three panelists discussing the state of private investments and was moderated by M. Cary Collins, Trustee Professor of Entrepreneurship and Associate Professor of Finance, at Bryant University. The second session focused on the management of investable assets and the future of the investment business and was moderated by Nicholas Bohnsack '00, Operating Partner and Senior Strategist at Strategas Research Partners.

The forum concluded with a talk by Richard Fisher, President and CEO of the Federal Reserve Bank of Dallas since April 2005. He presented his views on the implications of the financial crisis and encouraged the audience to view it as an opportunity to rebuild our economy.

The day closed with a luncheon attended by students, faculty, industry professionals, and the panelists with concluding remarks by representatives of the Archway Investment Fund, Fidelity Investments, and Strategas Research Partners.



Richard Fisher, President of the Federal Reserve Bank of Dallas, with Archway Investment Fund students at R.I.S.E. Forum.

Where are they now? Archway Fund Graduates

Jonathan Tan '08



Jonathan Tan is a Healthcare Sector Specialist with Fidelity Management & Research Co. Tan's role on the team is to support analysts with sector, industry, and company-specific fundamental analysis. Some sector projects he has worked on include: constructing and updating market models, creating valuation charts, and tracking industry data. Some company specific projects Tan has worked on include: building revenue/operating income, discounted cash flow models, and arbitrage models. Jonathan Tan regularly listens to earnings conference calls, attends company management meetings, and talks to sell-side analysts in order to better understand healthcare from both a top-down and bottoms-up manner.

Christian Pickett '07



Christian Pickett has been a part of the UBS Investment Bank on the Institutional Equity Sales team located in Manhattan, NY for two years. Pickett began his career at the start of a global financial crisis. For him the learning curve has been steep and every day has presented new challenges. Pickett credits his extremely talented and passionate colleagues for having helped him to adapt to changing market conditions.

Pickett regularly works with derivative, convertible, and quant experts within the firm to collaborate across the capital structure and asset classes. Another cornerstone of the equity sales role is the capital markets business where his banking team, syndicate group, and sales team join together to meet the corporate financing needs of some of the world's largest and most successful companies.

Pablo Madera '08



Pablo Madera is a Financial Analyst at the TJX Companies, Inc. Headquartered in Framingham, MA. The company retails apparel and home fashions in the United States and worldwide. As an analyst, Pablo is in charge of everything pertinent to sales and credit card activity for one of TJX's domestic chains, HomeGoods. This responsibility includes a combination of both Finance and Accounting. Financial modeling is intensive, particularly for the budgeting and forecasting tasks that ultimately feed the monthly and quarterly outlook the company gives on earnings calls.

Mitul Parekh '08



Mitul Parekh is a Senior Financial Analyst at the Hartford Financial Services Group. He is a member of The Hartford's Financial Development Program, a three year rotational program that seeks to provide exposure to many disciplines within The Hartford's finance organization such as: investments; risk management, corporate finance; and wealth management. Parekh currently works in the statutory department where he is involved in capital forecasting, quarterly and annual statement filing financial reporting, for The Hartford's Property and Casualty business.

Portfolio Management



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 in investments. Students learn the basic tools and techniques of portfolio management and develop their skills through management of a real securities portfolio, interaction with securities analysis students, and presentations to audiences including investment professionals.

Topics Covered

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

- Development of Sector Strategies
- Asset Allocation
- Risk Measurement
- Benefits of Diversification
- Security Selection
- Performance Measurement

Portfolio Management — Archway Fund Committees



(L-R) Matthew Buttaro, Shauna Yunits, Jaritza Cortes, Stephanie Gelinias

The Reporting Committee

The Reporting Committee creates the Archway Investment Fund's semi-annual report – the publication that highlights the performance of the Fund at the conclusion of each semester, and serves as an archive for future classes. It is distributed to Bryant University's Board of Trustees, the Fund's Advisory Board, and is made available to the larger Bryant University community. The semi-annual report includes information on and from the Portfolio Management committees and the Securities Analysis market sector groups. It includes the recent performance of the Fund's holdings against performance benchmarks.

This year we have included two events – the R.I.S.E. IX Annual Forum in March and the Annual Financial Services Forum in February – in which members of both courses participated. These events allowed the students to expand their knowledge outside of the classroom.

The Compliance Committee

The Compliance Committee tracks current holdings of the Archway Investment Fund and alerts Securities Analysts and Portfolio Managers when securities reach limits which should trigger a re-evaluation or sale. These efforts aid in the overall management of the fund's performance.

The committee members use Microsoft® Excel workbooks to monitor price targets, track sectors, manage risk levels, and regulate various fundamental investment policies.

One of the challenges this semester has been maintaining appropriate sell discipline under volatile market conditions. To augment current strategies, the committee designed a holding sheet that incorporates the current price of each security, along with price ceilings, price floors, and a summary of the sell discipline. This has helped to provide Fund managers with clear guidelines during a difficult time.



(L-R) Christopher Martineau, Dmitriy Smolyar, Kaelan Lippman, Cory Nelan

Portfolio Management — Archway Fund Committees

The Portfolio Accounting Committee

The Portfolio Accounting Committee maintains accurate investment records for the Archway Investment Fund. The committee uses monthly summary statements from Fidelity Investments to update the Fund's accounting records. This includes making entries for buy and sell orders, dividends received, and merger or acquisition transactions affecting our current holdings, taxes, and fees.

At the end of the fiscal year, the Portfolio Accounting Committee closes the prior year's accounting records and prepares the transition. The committee prepares risk adjusted performance metrics that play a vital role in the Archway Investment Fund's semi-annual report.

The committee developed an instruction manual to help transition new members into their portfolio accountant roles. Toward the end of the semester, the committee works with the Reporting Committee to provide the Fund performance information included in the semi-annual report.



(L-R) Daniel Allen, John Calabrese, Jeffrey Shew, Chris Gambini, Austin Brodie



(L-R) Benjamin Healy, Tucker Cummings, Daniel Curci

The Technical Committee

The Technical Committee evaluates, maintains, and improves the technology and templates used by Portfolio Managers and Securities Analysts of the Archway Investment Fund.

The committee updates the web site with recent data and conveys useful information to prospective students and the Bryant community. The web site details responsibilities and overall goals of both sections of the class to the Fund.

Portfolio Management — Archway Fund Committees

The Alternative Investments Committee

The primary goal of the Alternative Investments Committee is to identify outstanding opportunities for the Fund, particularly in asset classes or industry niches not covered by the securities analysis sector groups. This also serves the purpose of further diversifying Fund holdings. During Spring 2009, committee recommendations have focused mainly on commodities. The committee anticipates potential gains through exposure to select commodity exchange-traded funds (ETFs) that will provide a diversification opportunity, and inflation hedge, for the portfolio.

With support and professional insight from Archway Investment Fund Advisory Board member Jack Murphy, the committee undertook a special project to identify strong companies that had become particularly undervalued due to the current tough economic environment. This project is ongoing, and will be picked up by the new Alternative Investments Committee that will take over at the end of the current semester.



(L-R) Michele Lapinski, Matthew O'Rourke, Jillian Maclsaac, James Cholewa, Justin Vargo



(L-R) Back Row— Reilly Flaherty, Matthew Moore, Front Row— Cherie Rosemond, Erin Willard

The Marketing Committee

The Marketing Committee's goal is to increase awareness of the Archway Investment Fund. This semester, the committee conducted informational sessions on the history of the Fund and course structure for prospective students during finance classes and in meetings of the Bryant University Finance Association.

The Marketing Committee maintains and improves public relations initiatives undertaken by the Archway Investment Fund. As part of that process, they organized weekly Fund performance updates in the student newspaper, *The Archway*. Going forward, this committee contribute to a new design of the Archway Investment Fund's web site which will be used by current, former, and prospective students to track the progress of the Fund.

Securities Analysis — Archway Fund Sectors



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 in 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 presenting findings and 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
- Free Cash Flow Valuation
- Relative Valuation Methods
- Evaluation of Growth and Value Securities

Securities Analysis – Archway Fund Sectors

Economic Analysis and Emerging Opportunities Sector

Energy Sector Returns (YTD): -18.20% *SPDR (XLE): -16.69%*

The economic analysis and emerging opportunities sector is responsible for investments in the energy, utilities, and materials sectors. Our fundamental outlook on the energy sector is optimistic due to the recent additions of Transocean and Valero, which corresponds to our goal of allocating funds from the XLE, the Energy ETF, into individual equities. There is speculation over whether depressed oil prices will eventually surpass recent lows and approach \$75 dollars per barrel. This figure is calibrated from mounting evidence of compliance from OPEC to further their production cuts. Furthermore, global demand is estimated to be 83.9 million barrels per day (mp/d), down 3.4 mp/d.

The energy sector group is continuing to recommend an overweight position in oil exploration and production, while avoiding equipment and services operations. A surge in oil prices may lead to an impetus for direct investment into alternative energy corporations. In order to capitalize on this, the sector has been analyzing and assessing potential alternative prospects in wind and renewable energy. As a hedging measure, the sector has contemplated adding further positions in downstream development, more specifically, refining and marketing.

The short-term outlook for the utilities sector is negative. Increases in commodity prices have raised the operating costs of electrical utilities and supply costs for gas utility companies. Although utilities can pass these costs on to consumers, the sudden increase in energy bills could result in defaulting payments. These increases in prices could also cause regulators to further scrutinize large utility providers. Such risks have hindered our attempts to identify any potential prospects stable enough in this current environment. Utility companies that have invested in infrastructure upgrades may offer positive alpha investment possibilities. Going forward, the Fund is examining opportunities in water desalination.

The outlook for the materials sector is positive due to an optimistic outlook on China's stimulus package and the effects of inflation. The materials sector currently targets construction materials and crop-related companies to add to holdings. This will benefit from inflationary pressures and China's willingness to increase fixed investment through meaningful government spending.

SECURITIES ANALYSTS



(L-R) Alexander Walsh, Daniel Hackenson, Joseph Rosato, Andrew Gilbert

PORTFOLIO MANAGERS



(L-R) Tucker Cummings, James Cholewa, Dmitriy Smolyar

Securities Analysis — Archway Fund Sectors

Consumer Discretionary and Staples Sector

Consumer Discretionary Returns (YTD): -9.25% SPDR (XLY): -8.9%
Consumer Staples Returns (YTD): -11.99% SPDR (XLP): -11.60%

The Consumer Staples and Discretionary Sectors manage approximately 21 percent of the Archway Investment Fund. The Fund is currently overweight in the staples sector, which accounts for 13 percent. The discretionary sector has remained underweight and accounts for 8 percent. Both of these sectors have underperformed the S&P 500.

The consumer discretionary sector is down 9.25 percent for the quarter. The unstable economy and the credit crunch leave consumers with less money to spend on large or luxury items, which negatively affects the companies in the consumer discretionary sector. Our outlook for this sector is negative as unemployment remains high and consumer confidence stays low. As liquidity in the housing and loan market increases, we should see some developments suggesting a turnaround in the consumer discretionary sector.

The consumer staples sector is down approximately 12 percent for the quarter. This sector has not turned out to be as strong as originally anticipated, and many investors overvalued the stocks. However, there is a positive outlook for the consumer staples sector as these products are necessities, and therefore recession resistant. We have a particularly positive outlook on alcohol, tobacco, and apparel companies with foreign exposure.

SECURITIES ANALYSTS



(L-R) Jeffrey Steacie, Kelly Frantz, Nicholas Shakan, Ryan Tibbitts

PORTFOLIO MANAGERS



(L-R) Benjamin Healy, Cory Nelan, Cherie Rosemond, Reilly Flaherty

"The Archway Investment Fund is an exceptional outlet where Bryant students take classroom knowledge and use it to create real wealth in the Financial Markets."

Cory Nelan

Securities Analysis – Archway Fund Sectors

Healthcare Sector

Healthcare Returns (YTD): -8.01% SPDR (XLV): -8.81%

The Healthcare Sector of the Archway Investment Fund concentrates on investments in biotechnology, pharmaceutical, managed care, and medical product companies. The healthcare sector is overweight in the portfolio to hedge against market risk in a down economic environment.

Stocks for healthcare firms remained defensive throughout the semester, and securities analysts and portfolio managers responded by seeking value stocks expected to be unaffected by legislative changes and healthcare reform in 2009. The healthcare sector of the economy continued to be driven by mergers and acquisitions (M&A) this year. Among the stocks held in the fund, Genentech and Teva Pharmaceuticals were affected by M&A activities, resulting in both positive and negative results for the healthcare sector's performance.

Some challenges likely to affect healthcare firms this year include the proposed legislation on healthcare reform by the Obama Administration, as well as the tightening of available credit – both factors which may hinder many firms' ability to grow. Looking forward, the healthcare sector will be repositioned to market weight in the portfolio with an emphasis on stocks that will benefit from healthcare reform.

While many companies may see their operations challenged in the second half of 2009, others may experience new opportunities to expand their products and research. Sector managers would like to add holdings in firms that produce generic pharmaceuticals, HIV/AIDS and oncology treatments, small-scale medical products, and products supplemental to healthcare Information technology. These are areas where growth opportunities will likely emerge under the current administration.

SECURITIES ANALYSTS



(L-R) Michael Ostrander, Jessica McGee, Daniel McCarthy, Margaret Dickinson

PORTFOLIO MANAGERS



(L-R) Jaritza Cortes, Matthew Buttarro, Christopher Martineau

Securities Analysis — Archway Fund Sectors

SECURITIES ANALYSTS



(L-R) Warren Jones, Geoffrey Ensby, Emdadur Rahman, Brian Flatley

Financial Sector

Financial Sector Returns (YTD): -18.04% *SPDR (XLF): -28.62%*

The performance of the Financial Sector has been extremely volatile over the past two quarters. The continued deterioration of the credit and housing markets amidst the recession has sparked unprecedented government intervention on Wall Street. The first quarter of 2009 has shown minor improvements in various financial indicators, mostly in response to moves by the Federal Reserve and Treasury Department.

Over the past few months, the sector managers have repositioned their current holdings of individual stocks to include Goldman Sachs, Hanover Insurance Group, and Senior Housing Properties Trust. The YTD returns have been mixed, with Goldman at 25.63 percent, Hanover at -32.93 percent, and Senior Housing at -21.76 percent as of March 31, 2009. The sector management team sold off Prudential (PRU) and Simon Property Group (SPG) in the fourth quarter of 2008.

For the first quarter of 2009, we continued to hold a defensive position in this sector as large banks and asset managers were severely affected by the downturn in the equity markets. Currently, the sector represents approximately 6 percent of the non-cash assets of the Archway Investment Fund. This equates to a 4 percent underweight position relative to the S&P 500. Moving forward, as financial conditions improve and the effects of government actions take hold, we expect to make further adjustments that will be beneficial in an improving economic environment.

PORTFOLIO MANAGERS



(L-R) Stephanie Gelinas, Daniel Allen, Matthew Moore, Erin Willard, Matthew O'Rourke

Securities Analysis – Archway Fund Sectors

Technology Sector

Technology Returns (YTD): .66% SPDR (XLK): 1.36%

As a result of decreased consumer confidence and the reduction of spending on technology products during economic hardship, stocks in this sector have experienced a direct decline in value. For most of these companies, their shrinking stock prices are due to the poor macroeconomic conditions and has little relation to their fundamental value. The technology sector SPDR (XLK) has shown strong positive correlation to the S&P 500 with a slightly stronger performance for the year-to-date.

In March, the technology sector rallied when large companies such as Oracle released higher than expected earnings, and this is expected to continue throughout 2009. Although improvement is anticipated, there is likely to be a delay in relation to the broader market. The sector managers took a defensive strategy, based on market conditions, to generate returns while preserving the value of the Fund's assets. This included diversifying our holdings, and investing in companies with strong balance sheets that could withstand hard economic times.

SECURITIES ANALYSTS



(L-R) Michael Ansmann, Robert Spielman, Brian Cox, Cory Lunn

PORTFOLIO MANAGERS



(L-R) Christopher Gambini, Shauna Yunits, Austin Brodie, Michele Lapinski, Jeffrey Shew

"The technology sector was unique in that there was a lot to learn about the market as a whole. The Archway Investment Fund classes allowed for a unique experience during the current market situation. "

Shauna Yunits

Securities Analysis — Archway Fund Sectors

Industrials Sector

Industrials Returns (YTD): -20.27% SPDR (XLI): -20.60%

The economic environment has changed drastically in the past six months, and the managers of the Industrials Sector are watching the U.S. government's efforts to stabilize the economy, for cues on strategy. A defensive position in this sector has protected the portfolio from more severe losses. The strategy of the sector group includes exploring diversification opportunities while emphasizing investments in environmental and facilities services.

The Obama Administration plans to cut the U.S. Department of Defense budget, and big defense contractors are experiencing losses as a result. This is a significant negative for the sector. However, the American Recovery and Reinvestment Act of 2009 allots \$90 billion for infrastructure projects and \$54 billion for energy projects, which will help drive the industrials sector forward. We maintain a bearish outlook on airlines, rail, and waste, but believe it is necessary to monitor fuel costs closely as these two sub-sectors are directly affected by energy prices.

"The Archway Fund is an excellent opportunity to get real-world experience at Bryant. When I was interviewing for a summer job, it was my main talking point and really helped me get an internship."

Colin Hill

SECURITIES ANALYSTS



(L-R) William Nette, Cory Robart, Michael Donahue, Colin Hill, James Joly

PORTFOLIO MANAGERS



(L-R) Back Row- John Calabrese, Kaelan Lippman, Justin Vargo; Front Row- Daniel Curci, Jillian MacIsaac

Current Holdings as of March 31, 2009

Sector	Purchase Date	Ticker	Name	Current Price	Shares	Stock Weight in Portfolio	YTD % Change	HPR Percent Gain/Loss
Financials								
	10/25/2005	XLF	Financials SPDR ETF	8.81	480	1.24%	-29.63%	-58.27%
	3/22/2007	GS	Goldman Sachs Group Inc	106.02	60	1.86%	25.63%	-41.85%
	12/1/2008	THG	Hanover Insurance Group Inc	28.82	150	1.26%	-32.93%	-24.08%
	12/1/2008	SNH	Senior Housing Properties Trust	14.02	550	2.25%	-21.76%	15.14%
Technology								
	10/25/2005	XLK	Technology SPDR ETF	15.62	2037	9.30%	1.36%	-29.36%
	10/25/2005	MSFT	Microsoft Corp	18.37	500	2.68%	1.29%	-14.64%
	9/30/2008	RIMM	Research In Motion Ltd	43.11	100	1.26%	6.23%	-30.53%
	12/19/2008	FDS	Factset Research	49.99	125	1.83%	13.00%	29.21%
	2/3/2009	ATVI	Activision Blizzard Inc	10.46	456	1.39%	13.94%	13.94%
	12/8/2008	MBT	Mobile Telesystems ADR	29.92	78	0.68%	12.14%	-1.09%
Industrials								
	5/16/2007	XLI	Industrials SPDR ETF	18.43	485	2.61%	-21.31%	-49.67%
	12/20/2007	SRCL	Stericycle Inc	47.73	197	2.75%	-8.35%	-17.11%
	12/20/2005	MMM	3M Co	49.72	91	1.32%	-13.59%	-26.13%
	3/10/2009	HON	Honeywell International Inc	27.86	100	0.81%	11.40%	11.40%
	1/26/2009	WMI	Waste Management Inc	25.6	170	1.27%	-21.23%	-21.23%
Consumer Discretionary								
	10/10/2006	XLY	Consumer Discretionary SPDR ETF	19.65	302	1.73%	-8.90%	-40.92%
	5/2/2008	IM	Ingram Micro Inc	12.64	300	1.11%	-5.60%	-26.60%
	10/25/2005	MCD	McDonald's Corp	54.57	100	1.59%	-12.25%	81.74%

Sector	Purchase Date	Ticker	Name	Current Price	Shares	Stock Weight in Portfolio	YTD % Change	HPR Percent Gain/Loss
Consumer Staples								
	10/25/2005	XLP	Consumer Staples SPDR ETF	21.1	1440	8.88%	-11.60%	-10.07%
	2/14/2008	DEO	Diageo ADR	44.75	75	0.98%	-21.13%	-44.44%
	2/16/2007	CVS	CVS Caremark Corp	27.49	125	1.00%	-4.35%	-14.28%
	11/20/2007	KO	Coca-Cola Co	43.95	100	1.28%	-2.92%	-26.35%
Energy								
	3/21/2006	XLE	Energy SPDR ETF	42.46	339	4.21%	-11.12%	-33.29%
	10/25/2005	COP	ConocoPhillips	39.16	175	2.00%	-24.40%	-37.85%
	4/25/2008	RIG	Transocean Inc	58.84	133	2.29%	24.53%	-53.82%
	12/16/2008	VLO	Valero Energy Corp	17.9	260	1.36%	-17.28%	-8.86%
	2/20/2007	ARD	Arena Resources Inc	25.48	331	2.46%	-9.29%	-30.96%
Healthcare								
	10/25/2005	XLV	Healthcare SPDR ETF	24.21	570	4.03%	-6.23%	-5.29%
	12/16/2008	GILD	Gilead Sciences Inc	46.32	97	1.31%	-9.43%	-1.97%
	1/7/2009	GENZ	Genzyme Corp	59.39	100	1.74%	-8.59%	-8.59%
	11/21/2008	LLY	Eli Lilly and Co	33.41	110	1.07%	-17.04%	13.06%
	4/28/2006	DNA	Genentech	94.97	125	3.47%	14.98%	21.21%
	2/3/2009	BCR	C.R. Bard Inc	79.72	58	1.35%	-8.47%	-8.47%
	4/11/2008	TEVA	Teva Depository Receipt	45.05	201	2.65%	6.81%	7.78%
Materials								
	10/25/2005	XLB	Materials SPDR ETF	22.21	305	1.98%	-2.33%	-33.41%
Utilities								
	10/10/2006	XLU	Utilities SPDR ETF	25.55	295	2.20%	-11.99%	-16.79%
	2/21/2008	MDU	MDU Resources Group Inc	16.14	160	0.75%	-25.21%	-37.92%

What's Hot ...

Listed below are the portfolio's five biggest gainers for the year-to-date.

Purchase Date	Ticker	Name	Current Price	Shares	Stock Weight in Portfolio	YTD Gain/Loss	HPR
3/22/2007	GS	Goldman Sachs Group Inc	106.02	60	1.86%	25.63%	-41.85%
4/25/2008	RIG	Transocean Inc	58.84	133	2.29%	24.53%	-53.82%
4/28/2006	DNA	Genentech	94.97	125	3.47%	14.98%	21.21%
2/3/2009	ATVI	Activision Blizzard Inc	10.46	456	1.39%	13.94%	13.94%
12/19/2008	FDS	Factset Research	49.99	125	1.83%	13.00%	29.21%

... and What's Not

Listed below are the portfolio's five biggest losers for the year-to-date.

Purchase Date	Ticker	Name	Current Price	Shares	Stock Weight in Portfolio	YTD Gain/Loss	HPR
12/1/2008	THG	Hanover Insurance Group Inc	28.82	150	1.26%	-33%	-24%
2/21/2008	MDU	MDU Resources Group Inc	16.14	160	0.75%	-25%	-38%
10/25/2005	COP	ConocoPhillips	39.16	175	2.00%	-24%	-38%
12/1/2008	SNH	Senior Housing Properties Trust	14.02	550	2.25%	-22%	15%
2/14/2008	DEO	Diageo ADR	44.75	75	0.98%	-21%	-44%

Archway Investment Fund Performance

Fund Performance Summary

As of the market close on March 31, 2009, the Archway Investment Fund's assets under management totaled \$342,251.52. Sector SPDRs comprised 36 percent of the portfolio, actively managed equities accounted for 46 percent, and the remaining 18 percent was held in a money market fund.

The Fund has outpaced the S&P 500 index benchmark by 2.51 percent this year with a year-to-date performance of -8.60 percent. On an annualized basis, the fund has realized a -30.53 percent return but it has outperformed the S&P 500 by -7.32 percent.

The dynamic benchmark is calculated using the fund's actual sector weights in order to derive the return of the portfolio if it consisted entirely of sector ETF's. The portfolio has outperformed the dynamic benchmark by 2.14 percent for the year-to-date. This indicates that 0.37 percent of the fund's return can be attributed to individual stock selection while the remaining 2.14 percent differential return was achieved through the fund's sector weightings.

The Morningstar style grid reveals that the Archway Investment Fund has a significant concentration in large cap securities, with a mixture of holdings in value, blend, and growth stocks. In contrast to the Fund's position last year, we increased mid and small cap positions as a percentage of total investments by 2.5%, while maintaining a similar investment style mix.



Annualized and Risk Adjusted Returns

Fund	YTD Return	Annualized YTD Return	Differential Return	Annualized Differential Return	Beta	Standard Deviation	Sharpe Measure	Treynor Measure
Archway Investment Fund	-8.70%	-30.53%	2.51%	7.32%	0.75	5.08%	-6.09	-0.411
Dynamic Benchmark	-9.07%	-31.63%	2.14%	6.21%	0.79	5.81%	-5.51	-0.407
S&P 500 SPDR ETF	-11.25%	-37.96%			1.00	6.79%	-5.65	-0.384
S&P 500 Index	-11.21%	-37.85%			1.00			

Archway Investment Fund Performance

Archway Fund Morningstar Style Box

MARKET CAPITALIZATION	Large	18.8%	19.4%	44.3%
	Medium	2.3%	4.4%	6.8%
	Small	0.0%	0.6%	3.3%
		Value	Blend	Growth
		VALUATION		

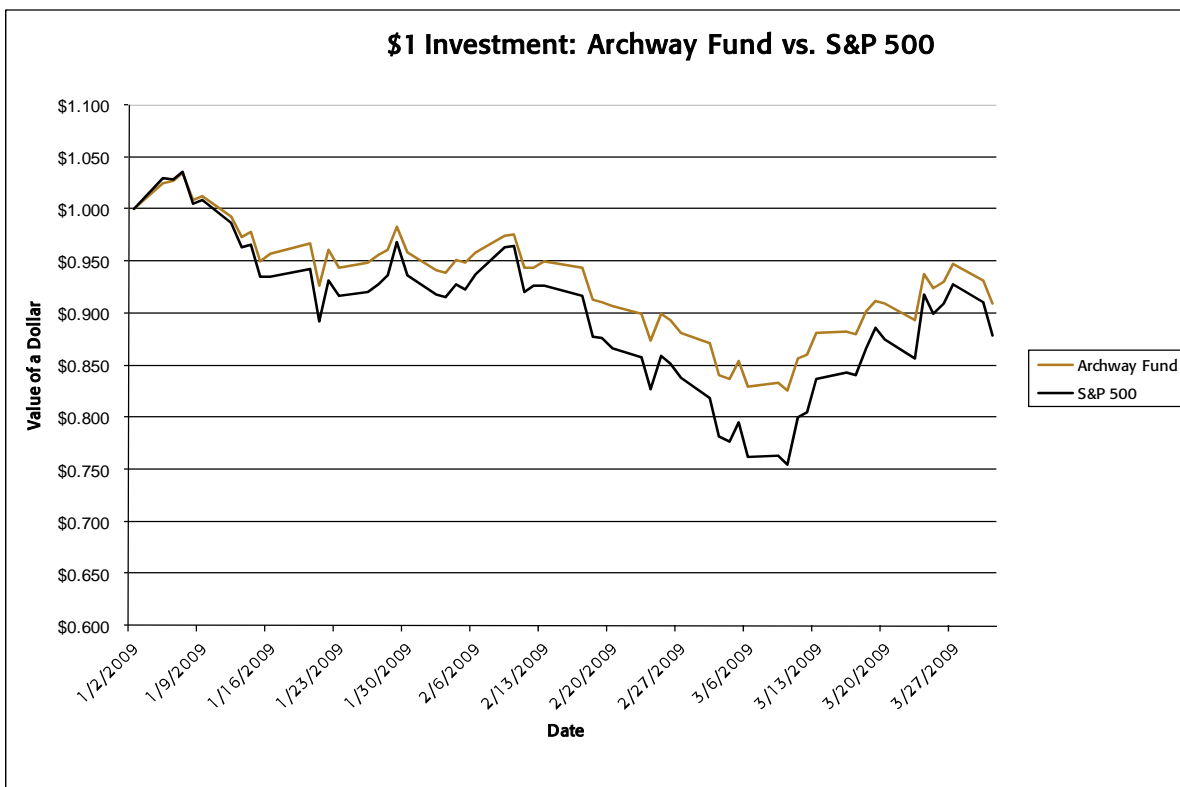
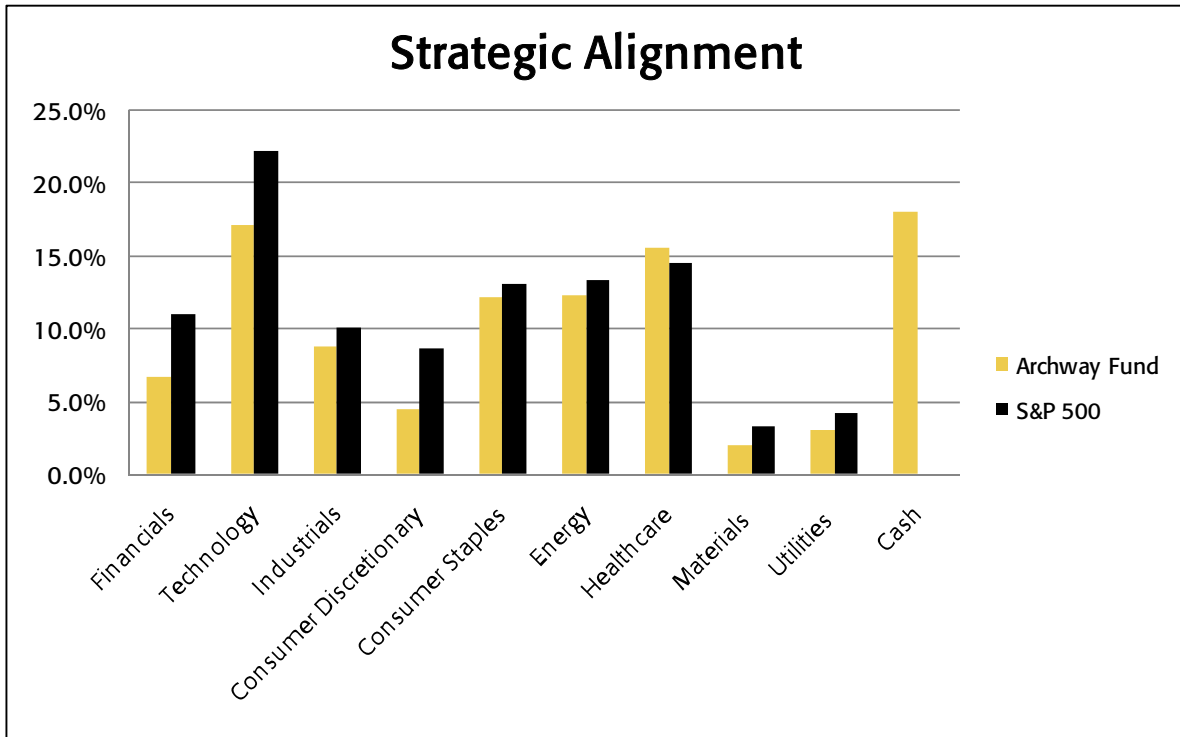
This is the distribution of stocks in the portfolio. Companies are classified on the basis of size and a combination of a value score and a growth score.

Year-to-Date Comparisons

Sector	Sector Weight	SPDR Weight	YTD Sector Returns	YTD SPDR Returns	Sector Beta	SPDR Beta
Financials	6.6%	11.0%	-18.04%	-28.62%	1.43	1.52
Technology	17.1%	22.3%	0.66%	1.36%	1.03	1.08
Industrials	8.8%	10.0%	-20.27%	-20.60%	0.85	1.07
Consumer Discretionary	4.4%	8.7%	-9.25%	-8.90%	0.88	1.08
Consumer Staples	12.1%	13.2%	-11.99%	-11.60%	0.55	0.52
Energy	12.3%	13.3%	-18.20%	-16.69%	1.33	1.12
Healthcare	15.6%	14.6%	-8.01%	-8.81%	0.58	0.74
Materials	2.0%	3.3%	-2.33%	-2.33%	1.19	1.19
Utilities	3.0%	4.2%	-14.90%	-10.92%	0.74	0.66
Cash	18.0%	0.000	0.0%	0.0%	0.00	0.00

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

Archway Investment Fund Performance Charts



Statement of Operations

January 1, 2009 through March 31, 2009

Income:

Dividend	\$ 866.08	
Interest	<u>\$ 149.09</u>	\$ 1,015.17

Expenses:

Custodial	\$ -	
Trading Cost	<u>\$ 176.35</u>	\$ 176.35

Net Investment Income: \$ 838.82

Realized Gain (Loss) on Investments:

Proceeds	\$ 49,613.78	
Cost of securities	<u>\$ 90,209.82</u>	
Net Realized Gain (Loss) on Investments		\$(40,596.04)

Net Increase (Decrease) in Unrealized Appreciation on Investments:

Market Value Holdings as of March 31, 2009	\$ 342,251.52	
Market Value Holdings as of December 31, 2008	<u>\$ 334,712.85</u>	
Increase (Decrease) in Net Unrealized Appreciation		\$ 7,538.67

Net Realized Gain (loss) and Increase (decrease) in Net Unrealized Appreciation: \$(33,057.37)

Net Increase (Decrease) in Assets Resulting from Operations: \$(32,218.55)

2009 Archway Investment Fund Graduates

Where 2009 Graduates Are Going

Daniel Allen
The Hanover Insurance Group
Future Leaders Program.



Jillian MacIsaac
EMC
Business Sales Analyst



Jaritza Cortes
UnitedHealth Group
Financial Analyst



Matthew Moore
The Hartford Financial Services Group
Financial Analyst
Financial Development Program



Christopher Gambini
Marsh
Risk Analyst



Cory J. Nelan
Computer Sciences Corporation
Financial Associate Professional



Benjamin Healy
Sentinel Financial Group
Benefits Associate



Cherie Rosemond
PricewaterhouseCoopers
Systems and Process Assurance



James Joly
State Street Corporation
Fund Accountant



Dmitriy Smolyar
Liberty Mutual
Financial Development
Program Associate.



Michele Lapinski
Liberty Mutual
Financial Development
Program Associate



Erin Willard
Bank of America
Premier Bank Investments
Global Wealth and
Investment Management



Kaelan Lippman
Liberty Mutual
Financial Development
Program Associate



Shauna Yunits
BAE Systems
Financial Leadership
Development Program





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