Michael Price Student Investment Fund

SemiAnnual Report

For the period

September 1, 2002 – February 28, 2003

The Website for MPSIF is:

http://pages.stern.nyu.edu/~mpsif

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NYU Stern School of Business
Department of Finance - attn. Deputy Chairman
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THE MPSIF EXECUTIVE COMMITTEES

Fall 2002

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MPG	Portfolio Manager	Douglas Creutz
MPS	Co-Portfolio Manager	D. Scott Goldman
MPS	Co-Portfolio Manager	Aaron S. Meyer
MPV	Portfolio Manager	Frank Boroch
MPF	Portfolio Manager	Nicholas Brown

Spring 2003

MPSIF	President	Joshua Evans
MPG	Portfolio Manager	David Lewis
MPS	Co-Portfolio Manager	Thaddeus Davis
MPS	Co-Portfolio Manager	Kimberly DeDominicis
MPV	Portfolio Manager	Melissa Jaffe
MPF	Portfolio Manager	Benjamin Bubeck

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Michael Keenan, NYU Stern faculty
Arthur Zeikel

Others

Elisa M. Cohen, NYU Treasurer's Office
Aswath Damodaran, faculty consultant
Fred Renwick, faculty consultant

MPSIF Portfolio

MESSAGE FROM THE PRESIDENT

We are pleased to present the MPSIF SemiAnnual Report to our Board of Advisors, staff, and other interested parties. This report gives us the opportunity to inform you about our fund performance over the past six months. Furthermore, it allows us to share the results of our operational activities with you. The MPSIF staff reaffirms its mission:

> The Michael Price Student Investment Fund has been established to provide students of the Leonard N. Stern School of Business at New York University with practical investment management experience. The investment returns generated by the Fund will be used to provide scholarships to selected students from the Michael F. Price College of Business at the University of Oklahoma for study at the Stern School, and to support other educational activities at the Stern School of Business.

The semiannual report is presented in the following order:

- MPSIF Aggregate Portfolio (MPSIF)
- Growth Fund (MPG)
- Small Cap Fund (MPS)
- Value Fund (MPV)
- Fixed Income Fund (MPF)

The past six months brought to the financial markets: record equity volatility, fears of deflation, war, fraud, commodity price spikes, housing "bubbles", and generally negative economic news. MPSIF has managed to steer through these difficult times with the help of many highly motivated students and faculty. We wish to thank Professors Michael Keenan and Fred Renwick for their guidance throughout the year, and all those MPSIF analysts who contributed to the creation of this semiannual report. We would also like to thank David Liang, Fall 2002 MPSIF President, for starting many initiatives that continue to this day. Last but not least, we would like to thank Michael Price for his gift, without which there would not be a fund for Stern students to manage.

Joshua Evans,
MPSIF President

REVIEW OF OPERATIONS AND POLICY

We have numerous initiatives in the past six months which are either completed or in process.

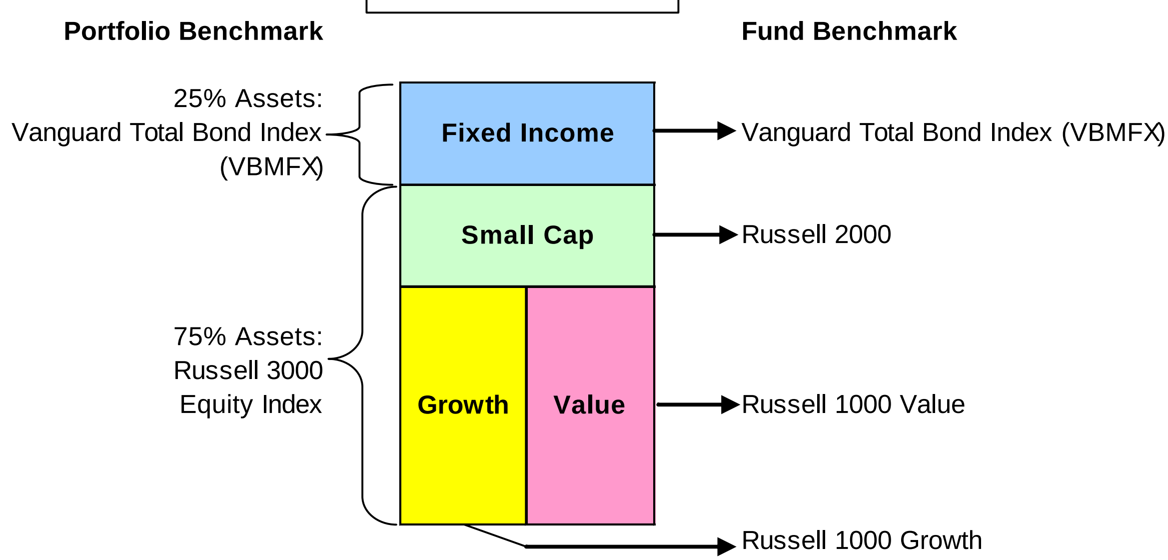
- **Continued successful management of the Fixed Income Portfolio after pooling the holdings of the three equity funds.** We are quickly approaching the one year anniversary of the pooling of the fixed income funds to more professionally manage this segment of the MPSIF portfolio. The pooling took effect on May 1, 2002. The Fixed Income Fund has two representatives from each of the equity funds (since they remain the "owners" of the fixed income pool). The group meets once per month with the MPF Portfolio Manager to ensure the fixed income holdings are meeting the MPSIF goals, allocations, and risk tolerances.
- **New Fixed Income benchmark.** We have recently decided to change our benchmark from the (5-year Treasury Note Total Return + 100bp) to the Vanguard Total Bond Index (VBMFX). Given the fact that a significant portion of our portfolio is in corporate and high yield bonds, we decided the Vanguard Total Bond Index would be a more appropriate benchmark upon which to base the results of our allocation and duration decisions.
- **Increased centralization of investment management.** MPSIF is attempting to improve coordination among the three equity funds to ensure the success of the overall portfolio. For more information, see the sections that follow on portfolio allocation.
    - One of the key tenets of our centralization effort is establishment of risk targets for separate components of the fund.
    - Other coordination efforts include combined market strategy reports in class each week, the MPSIF-wide breakout of stocks by sector allocation, and an aggregate MPSIF comparison to the overall benchmark.
- **Marketing.** MPSIF has taken steps to raise its profile within Stern, and to help Stern raise its profile among potential employers and students. The Deans of Admission, OCD and Public Relations have endorsed this effort, and in the process learned more about what we do. Response from first year Stern students is robust and we continue to recruit top talent for the 2003-2004 school year. In addition, Joshua Evans represented Stern at the 2003 Rise Symposium, a student investment fund conference, which increased our presence in the academic and Wall Street community.
- **Alumni outreach.** We have attempted to contact all MPSIF alumni, with varying degrees of success. Those who we have reached have enthusiastically volunteered to be involved with the fund and current students on a variety of levels. We are still exploring how to best utilize our alumni as a resource.
- **MPSIF Handbook.** To help new MPSIF students in their roles, promote consistency across management of the four sub-funds, and gather the best practices from our experience, we have published, and will continue to update, a handbook that contains MPSIF policies, procedures and references.

PORTFOLIO BENCHMARK

Our benchmark is structured as follows:

- 25% fixed income weighting, relative to the Vanguard Total Bond Index Fund.

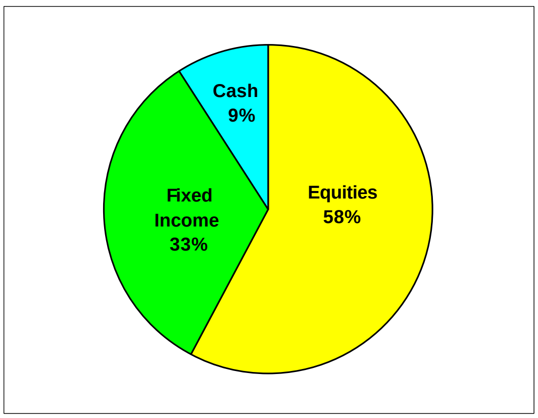
- 75% equity, relative to the Russell 3000 Equity Index. This index was chosen because it represents the aggregate of the indices of the three equity fund benchmarks:
    - Growth benchmark: Russell 1000 Growth Equity Index
    - Small Cap benchmark: Russell 2000 Equity Index
    - Value benchmark: Russell 1000 Value Equity Index

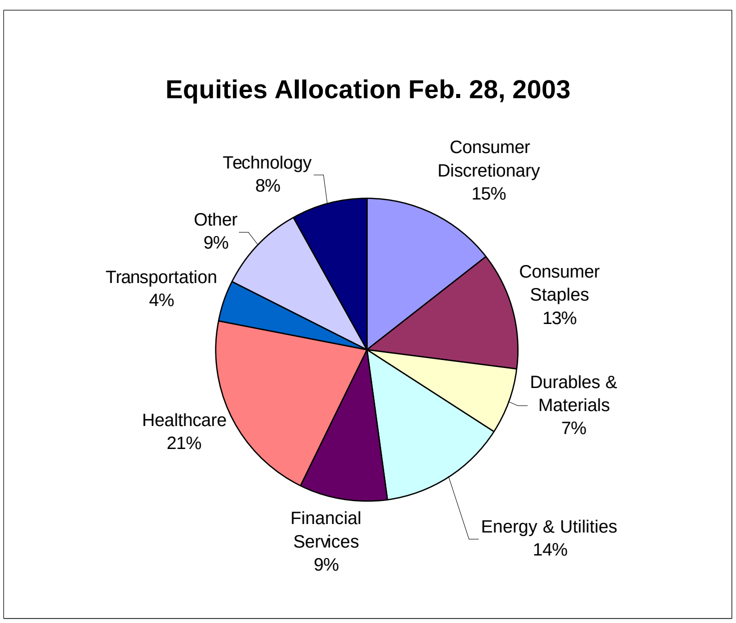


PORTFOLIO ALLOCATION

At the beginning of the fiscal year, our strategy was to allocate 75% of the funds to equities (plus cash), and the remaining to fixed income. Due to the unfavorable stock market, the percent of equities in our portfolio continued to decline. We ended the year with 58% of our assets in equities, 9% in cash, and 33% in fixed income. After our annual May withdrawal, the allocation will consist of 61% equities, 35% fixed income, and 4% cash.

	Aug. 31, 2002		Feb. 28, 2003	
Fund	**Mkt. Val.**	**% Assets**	**Mkt. Val.**	**% Assets**
Growth	230,063	14.2%	192,314	12.7%
Small Cap	421,281	26.0%	370,853	24.4%
Value	386,361	23.9%	312,374	20.6%
Equities	1,037,705	64.1%	875,542	57.7%
Fixed Income	460,492	28.4%	502,770	33.1%
Cash	121,356	7.5%	138,658	9.1%
Total Portfolio	**1,619,553**	**100.0%**	**1,516,971**	**100.0%**





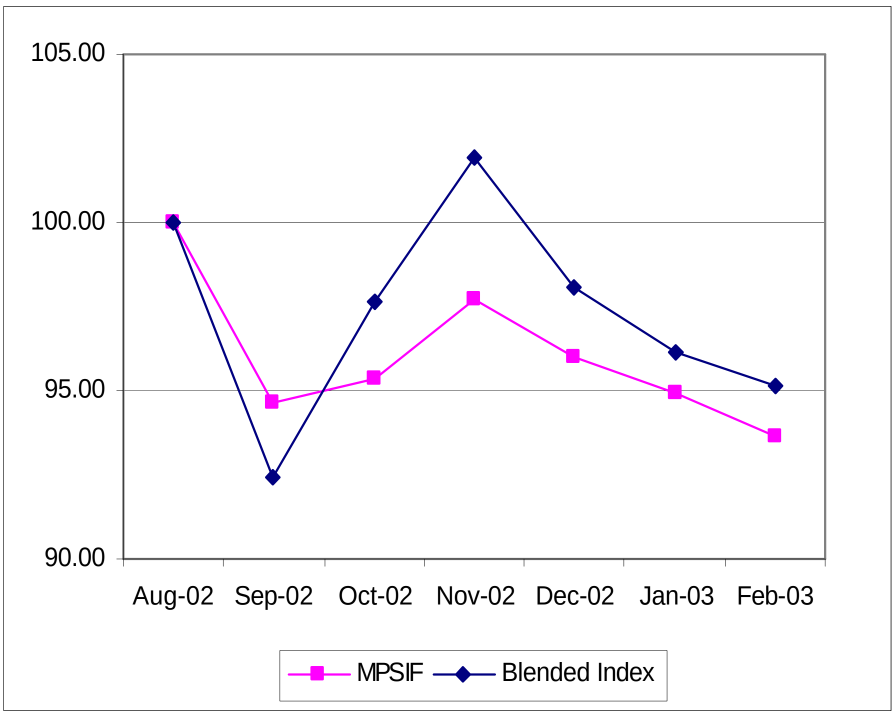
PORTFOLIO PERFORMANCE

The past six months have been difficult for many portfolio managers. Record equity volatility created a challenging environment. The volatility in the equity market explains the over performance and under performance of our fund during the past 3-month and 6-month time periods. Nevertheless, we continued to outperform our blended benchmark for the past 12 months. The table below shows our average return compared to our benchmark during the past twelve months.

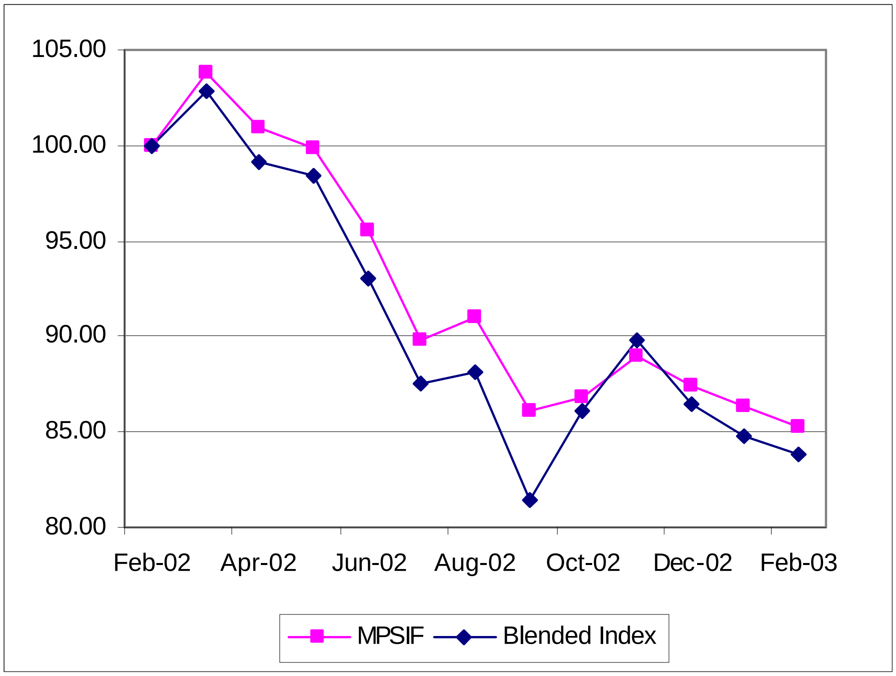
Cumulative Returns for Recent Periods

Period	Blended Benchmark	MPSIF	MPSIF minus Benchmark
1 Month	-1.03%	-1.35%	-0.31%
3 Months	-6.79%	-4.22%	2.58%
6 Months	-4.29%	-6.33%	-2.04%
12 Months	-16.48%	-15.37%	1.11%

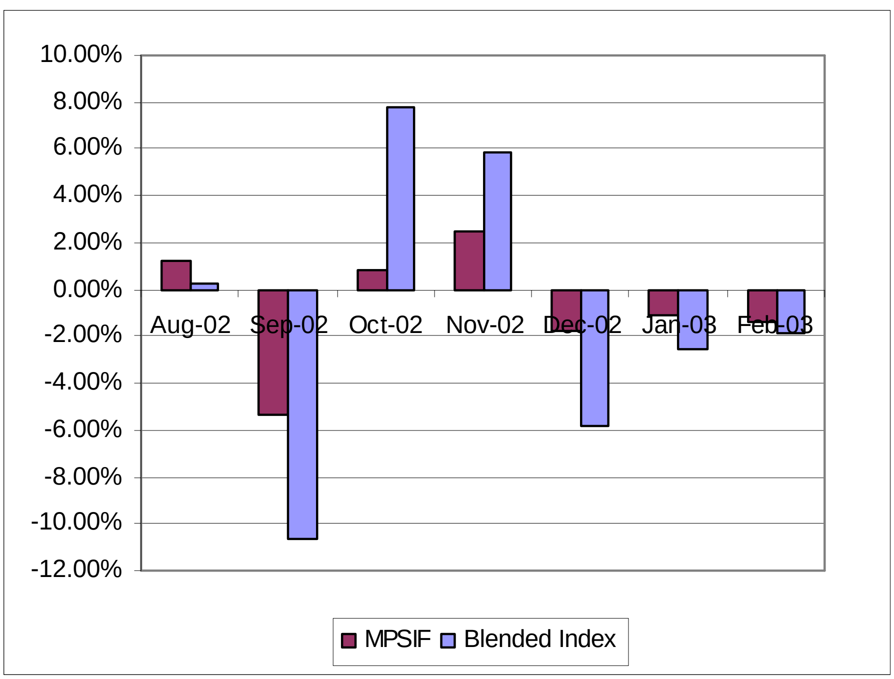
Cumulative Total Value Changes: (08/02 = 100)



Cumulative Total Value Changes: (02/02 = 100)



Monthly Returns versus Blended Benchmark



MPSIF FINANCIAL STATEMENTS

CASH FLOW FROM OPERATIONS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Dividends	40,932	20,864
Interest	3,298	660
Investment Income	44,230	21,523
Expenses / Fees	9,997	4,310
Net Investment Income	**34,232**	**17,213**

CHANGE IN NET ASSETS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Net Investment Income	34,232	17,213
Realized Gain (Loss)	3,725	-152,769
Unrealized Gain (Loss)	-173,196	-140,220
Annual Withdrawal	-97,343	0
Net Transfers	0	0
Net Other Adjustments	-43,644	173,193
Net Change in Assets	**-276,226**	**-102,583**
Net Assets, Beginning of Period	1,895,779	1,619,553
Net Increase (Decrease)	-276,226	-102,582
Net Assets, End of Period	**1,619,553**	**1,516,971**

Notes*:* *Net Assets are at Market Value.*
Unrealized Gain (Loss) is the difference between original cost and End-of-Period market value. For securities purchased before the beginning of the year, a net "mark to market" calculation that reflects the difference between original cost and Beginning-of-Period market value is made to avoid double-counting the Unrealized Gain. In general, if the original cost is less than the Beginning-of-Period market value the mark to market variable will be negative. These adjustments constitute most of the "Net Other Adjustments" numbers.

GROWTH FUND

LETTER FROM THE PORTFOLIO MANAGER

The past six months have been a period of continued uncertainty and high volatility within the equity markets. The primary causes of these difficult conditions —foreign conflict and accounting/ corporate governance problems— haven't changed much over the past year and a half. While the threat of domestic terrorism might be having a diminishing effect on the market, the conflict with Iraq has placed a cloud over the market. Just when you think the accounting scandals and corporate governance problems are mostly behind us another company is exposed. These two problems are continuing to affect the market negatively and directly and indirectly stall improvement in economic fundamentals. For the most part, the retail investor remains on the sidelines and businesses are continuing to hold off investing for the future. We are still waiting for the recovery that many strategists and analysts forecasted as far back as last summer.

After a very challenging 2002 fiscal year, the Growth Fund has taken a more cautious approach to investing the past six months. Our first priority was a reevaluation of the growth potential of many of our stocks that have disappointed. Clearly, in this environment, earnings growth is much more difficult to achieve and earnings expectations that we anticipated when we purchased many of our stocks are no longer realistic. Our second priority was to reallocate capital to more promising sectors. A key decision was to shift allocations within the largest two sectors within the Russell 1000, health care and technology.

Under this methodology we have been more aggressive sellers than buyers. We have sold seven and one half positions and purchased three positions over the most recent half year period remaining content to hold on to a small cash position. These investment decisions have helped us remain competitive with the Russell 1000 Index over the past six months. For the sixth month period ended February 28, 2003 we have underperformed the Index by approximately 130 basis points.

Given the early success of the war and the marginal improvement of economic fundamentals before the war began we are more optimistic about the equity markets than at any time in the past six months. We are preparing our portfolio appropriately to take advantage of an improvement in economic fundamentals and corporate earnings which we expect will be discounted into the market six to nine months in advance. We continue to consider purchasing stocks that meet our growth requirements and are consistent with our sector weightings and overall portfolio risk parameters.

On behalf of all the members of the Growth Fund, thank you Michael Price for the opportunity you gave us to manage this endowment.

Sincerely,
David Lewis

INVESTMENT STYLE AND STRATEGY

Investment Strategy: The Fund strives for total return through capital appreciation and income. The Fund invests in growth stocks, characterized by long-term above-market earnings growth, taking into consideration the stock's price as related to its intrinsic value. We generally focus on firms with proprietary advantages operating in fast growing industries.

Objective: To achieve returns above those of the Russell 1000 Growth Index, and hopefully long-run returns at least 5% above the rate of inflation. Now that we have pooled our fixed income funds with MPF, the Growth Fund can focus just on growth-related issues of return and risk.

Our Investment Process: We base our investment decisions on fundamental research. Throughout this process, we conduct in-depth financial and industry analysis in order to determine future growth drivers. We seek companies that we believe will continue their earnings momentum into the future, by investing in new markets, technology and capital, which will allow them to gain market share and participate in emerging market opportunities. Finally, we search for firms with financial strength, a distinct proprietary advantage and aggressive and capable management that will leverage this proprietary element.

Sell Discipline: We will consider reducing our exposure to a specific stock when:

- The issuer's growth rate deteriorates or its performance otherwise disappoints.
- The price of the security attains our price target or otherwise appears relatively high to our fund's analysts.
- The company publishes negative earnings announcements that could affect the long-term outlook and industry attractiveness.
- Unfavorable changes in management seem likely.
- Changes in our overall economic outlook dictate a re-weighting of our sector allocations.

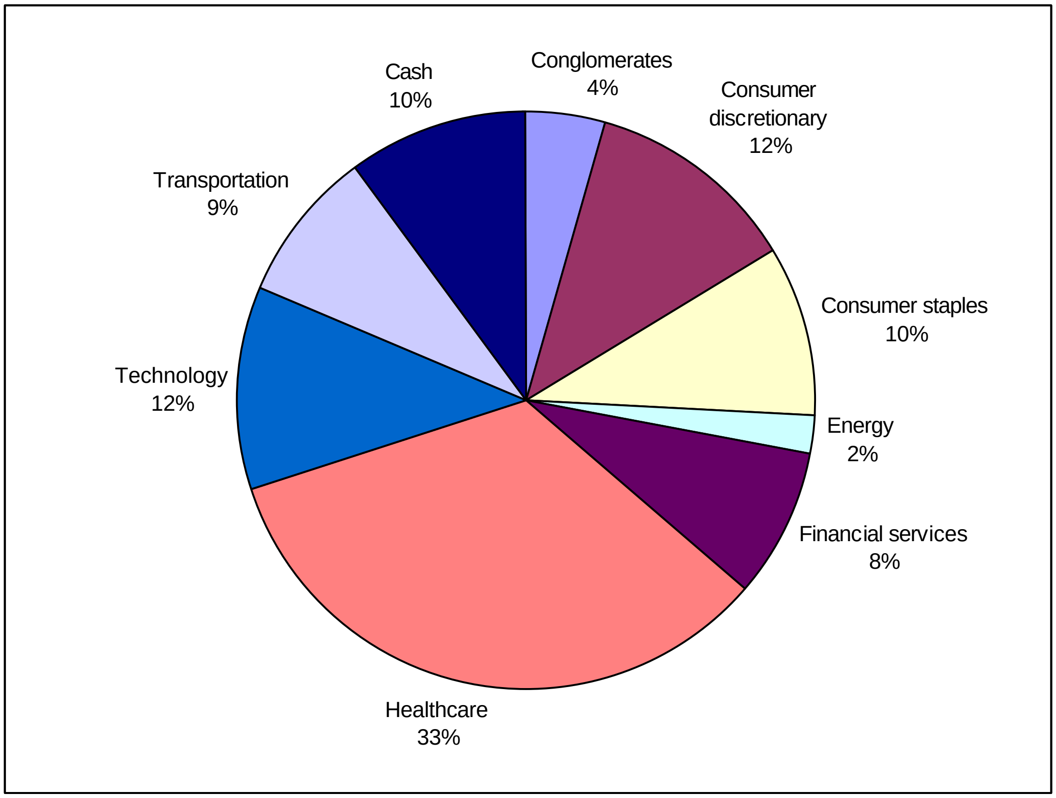
Why Growth Stocks?

- Growth companies, by definition, are the fastest growing companies in the economy. We believe that earnings growth is the principal factor in determining common stock prices over time.
- Thus, we believe investing in the fastest growing companies should lead to realization of potentially superior investment returns over the long term.
- The fastest growing companies also tend to be the most adaptable and dynamic companies within the economy. We believe these qualities should also lead to potentially superior returns for investors over the long term. Growth investing has especially outperformed other strategies when the overall growth rate of the market is positive.

ASSET ALLOCATION

The fund is currently underweight technology and consumer discretionary, and overweight health care. In upcoming months, we will look to add more to financial services and consumer staples.

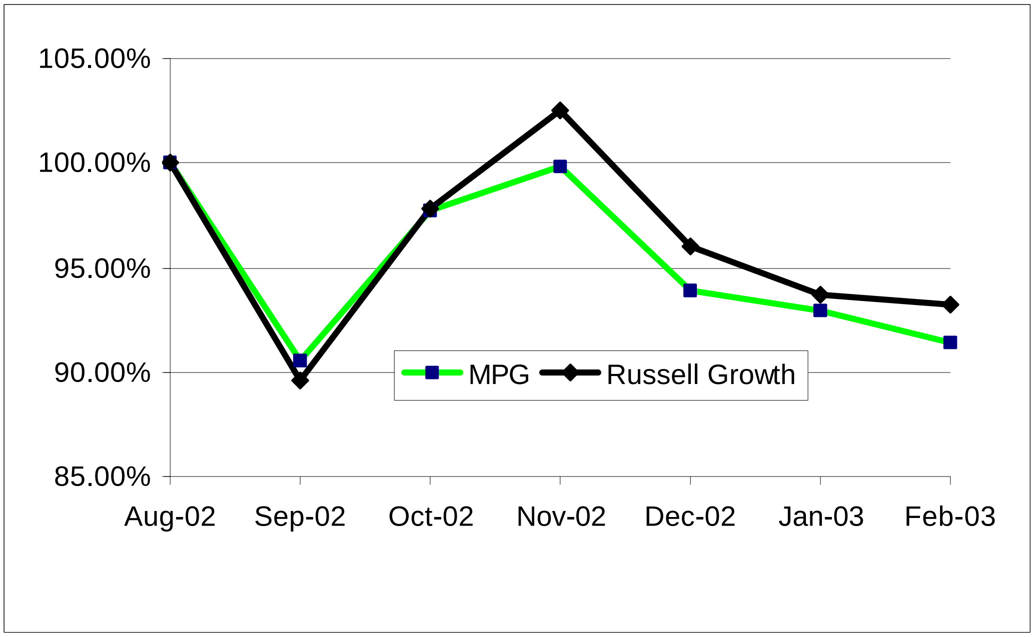
A break down of our equity holdings by sector as of February 28, 2003 is shown below:



	Aug. 31, 2002		Feb. 28, 2003	
Growth Fund	**Mkt. Val.**	**% Assets**	**Mkt. Val.**	**% Assets**
Cash	2,642	1.14%	20,735	9.73%
Equities	230,063	98.86%	192,314	90.27%
Fixed Income	0	0.00%	0	0.00%
Total	232,705	100.00%	213,049	100.00%
Purchases	306,770		18,037	
Sales	378,596		36,069	

FUND PERFORMANCE

Cumulative Total Value Changes: (08/02 = 100)



The Growth Fund has underperformed its benchmark during the most recent twelve and six month periods. During the past twelve months the Fund's performance was affected negatively by unfavorable news announcements in some of our core holdings as well as overexposure to areas of the economy which deteriorated further during the summer rather than rebounding as we had expected. The Fund has performed much more competitively with the Russell 1000 Index during the past six months.

For the past six months the Growth Fund's performance has slightly underperformed our benchmark. The Fund began its fiscal year with assets of $232,705. Over the six-month period ended February 28, 2003, the Fund underperformed its benchmark by approximately 130 basis points, losing 8.58% versus a benchmark loss of 7.31%.

For the equity-only portion of the Growth Fund, we also measured the internal rate of return for the fiscal year by (a) using our starting and ending equity positions, and (b) counting our sale and purchase executions as cash inflows and outflows (but excluding dividends). We then compared this to (1) the straight Russell 1000 Growth Index 12-month return, and (2) the hypothetical return we would have earned in the Russell 1000 Growth Index using equivalent purchase and sale amounts over the fiscal year. Results are as follows:

Equity-Only Internal Rates of Return, 9/1/02 – 2/28/03

Growth Fund	-5.46%
Russell 1000 Growth (Straight Return, No Inflows/Outflows)	-7.31%
Russell 1000 Growth (Assuming Fund Investment Pattern)	-8.13%

We remain confident that the fund will perform better in the next period, after taking into account appropriate changes in our portfolio and a revised perspective on the market in general.

FUND PROFILE

The following snapshot reflects the Growth Fund portfolio as of February 28, 2003. It also shows the break out of the Russell 1000 Growth Index by sector. While the fund does not expressly try to match exposure with the Russell 1000 Growth we do try to understand where we are taking overweight and underweight positions.

Company	Russell 1000 Growth Sector	Shares	Value	% Assets
General Electric	Conglomerates	392	9,420	4.4%
AOL Time Warner	Consumer Discretionary	502	5,683	2.7%
Home Depot	Consumer Discretionary	327	7,668	3.6%
Viacom B	Consumer Discretionary	325	12,067	5.7%
Budweiser	Consumer Staples	280	13,020	6.1%
Safeway	Consumer Staples	368	7,330	3.4%
Ocean Energy Inc.	Energy	248	4,977	2.3%
AIG	Financial Services	139	6,851	3.2%
Concord EFS	Financial Services	220	2,442	1.1%
Freddie Mac	Financial Services	154	8,416	4.0%
AffyMetrix, Inc.	Healthcare	177	4,669	2.2%
Amgen	Healthcare	317	17,321	8.1%
Medtronic	Healthcare	275	12,293	5.8%
Pfizer	Healthcare	364	10,854	5.1%
Shire Pharma.	Healthcare	430	6,764	3.2%
Varian Medical Systems	Healthcare	387	19,563	9.2%
Checkpoint Software	Technology	784	11,658	5.5%
FEIC	Technology	421	6,610	3.1%
IBM	Technology	35	2,728	1.3%
XM Satellite	Technology	790	3,721	1.7%
Harley Davidson	Transportation	285	11,283	5.3%
Southwest Airlines	Transportation	578	6,976	3.3%
Total Equity			**$192,314**	**90.3%**
Cash			20,735	9.7%
Total Assets			**$213,049**	**100.0%**

GROWTH FUND FINANCIAL STATEMENTS

CASH FLOW FROM OPERATIONS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Dividends	8,976	672
Interest	1,010	77
Investment Income	9,986	748
Expenses / Fees	2,221	688
Net Investment Income	**7,765**	**60**

CHANGE IN NET ASSETS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Net Investment Income	7,765	60
Realized Gain (Loss)	-71,180	-37,914
Unrealized Gain (Loss)	-103,318	-85,091
Annual Withdrawal	-24,423	0
Net Transfers	-125,447	0
Net Other Adjustments	43,199	103,289
Net Change in Assets	**-273,404**	**-19,656**
Net Assets, Beginning of Period	506,109	232,705
Net Increase (Decrease)	-273,404	-19,656
Net Assets, End of Period	**232,705**	**213,049**

MPSIF GROWTH FUND MANAGEMENT TEAM

Daniel Aznar – Market Strategist; Analyst, Consumer Discretionary
Prior to joining the Growth Fund, Daniel worked as a general manager in the restructuring of a chemical manufacturing company. Previously he spent two years as a financial analyst at a real estate firm in Barcelona, and four years at Hewlett Packard as a procurement manager for the Inkjet European Division. Daniel holds a bachelor's degree in Economics-Mathematics from Columbia University.

Neelam Bhandari – Trader; Analyst, Technology
Before joining the Growth Fund, Neelam worked for her family-owned asset management firm, L. C. Bhandari & Co. Neelam received her BSc and BA in Finance and International Studies from the University of Pennsylvania. After graduating, she spent some time at a litigation consulting firm and the capital markets group of a bank before joining her family business and later pursuing her MBA at NYU.

Benjamin Bubeck – Fixed Income Portfolio Manager; Analyst, Consumer Discretionary
Prior to joining the Growth Fund, Benjamin spent three years as a credit analyst/relationship manager at Union Bank of California in the corporate banking department. Benjamin also spent his MBA summer internship at Nicholas Applegate Capital Management, a predominantly growth oriented fund located in San Diego, California. He passed the 2002 Level III CFA examination and holds an undergraduate degree in business administration from the University of San Diego.

Rafael Buerba – Treasurer; Analyst, Conglomerates & Energy
Prior to joining the Growth Fund, Rafael spent three years as an Equity Analyst at Citigroup in Mexico, covering the cement, housing and construction industries. Rafael holds a B.S. in Accounting from ITAM University.

Larry Chin, CFA – Director of Quantitative Screens; Analyst, Consumer Staples
Larry is a manager at the Financial Institutions Retirement Fund, where there are $2 billions under management for the small to mid-sized financial institutions nation wide. Previously, Larry spent 4 years at Bankers Trust as an analyst. Larry received his BBA from Baruch College and was awarded the Chartered Financial Analyst designation in 2001.

Joshua Evans, CFA – Fund Services Director; Analyst, Durables & Materials (Fall 2002)
MPSIF President (Spring-Summer 2003)
Prior to joining the Growth Fund, Joshua spent five years with The Vanguard Group, Inc. He spent four years in Vanguard's Fixed Income Department; two years as a Fixed Income Trader, and two years as a Fixed Income Analyst. Joshua was awarded the Chartered Financial Analyst designation in 1999 and graduated from Auburn University in 1995.

Christopher Kwan – Communications Director; Analyst, Technology
Prior to joining the Growth Fund, Chris spent 5 years as a software engineer for Quantum Corporation and C-Cube Microsystems in Milpitas, California. Chris received his bachelor's degree in electrical engineering from the University of Hong Kong and has a master's degree in electrical engineering from the University of Michigan. He has been managing his stock portfolio since 1995 and is currently working toward his CFA.

David Lewis, CPA – Portfolio Manager
Prior to joining the Growth Fund Dave Lewis spent four years as an auditor for the PriceWaterhouseCoopers Capital Markets practice in New York. This past summer Dave covered travel service companies as an equity research intern at CIBC World Markets. Dave has a CPA and is a CFA level II candidate. Dave received his undergraduate degree from Georgetown University.

Jennifer Milacci, CFA – Director of Quantitative Screens; Analyst, Financial Services
Prior to joining the Growth Fund, Jennifer worked for over six years at Putnam Investments. Her most recent role was as an Investment Specialist for their Institutional Management business. She is a CFA charterholder and received a B.S. in Industrial Management from Carnegie Mellon University.

Jennifer Sam – Fund Services; Analyst, Durables & Materials and Transportation
Prior to Stern, Jennifer was a Project Manager at RREEF Management Company, a real estate investment advisor. She has also worked at Ernst & Young in the Merger & Acquisitions group and Arthur Andersen in the Audit group. Jennifer is a CPA and holds a Masters of Accounting from the University of Southern California and a B.S. in Managerial Economics from the University of California at Davis.

Christopher Smith – Market Strategist; Analyst, Energy
For the past 3 years Chris has worked as an associate in the private equity group of The Yucaipa Companies, a Los Angeles-based private investment firm. Prior to this Chris worked as a financial analyst in the investment banking division of Salomon Smith Barney. Chris graduated from Brigham Young University with a BA in Economics.

Alicia Stewart – Fixed Income Representative; Analyst, Healthcare
Prior to joining the Growth Fund Alicia worked at Credit Suisse First Boston on the High Yield Capital Markets desk and at UBS Warburg in the Financial Sponsor Group. Alicia has an undergraduate degree from Dickinson College.

George Williams – Fixed Income Representative; Analyst, Healthcare
George graduated from Rutgers University with a B.S. in Chemical Engineering and a B.A. in Economics. Prior to Stern, he worked in process engineering at FMC Corporation. George also holds a Master degree in Chemical Engineering from the University of Delaware.

Charis Wong – Communications Director; Analyst, Healthcare
Prior to joining the Growth Fund, Charis spent four years in strategic planning and marketing at the Biomedical Sciences Group of the Singapore Economic Development Board. Charis received her master's degree in chemical engineering from the Imperial College of Science, Technology and Medicine in London and is currently working towards her CFA.

Ada Yu – Director of Research; Analyst, Consumer Staples
Prior to joining the Growth Fund, Ada spent two years in the treasury department of Goldman Sachs. She also worked at the equity sales desk of Merrill Lynch. Ada got her undergraduate degree in Business Administration from the Chinese University of Hong Kong.

SMALL CAP FUND

LETTER FROM THE CO-PORTFOLIO MANAGERS

The past year proved to be a difficult one for investors as stocks experienced a negative overall return for the third year in a row. Small cap stocks started the year off on a positive note, but by mid-year fell victim to the bear market. The overall market environment was a difficult one as geopolitical tensions increased as the threat of war in Iraq loomed on the horizon. This challenging market environment led to a slight underperformance of our portfolio relative to the benchmark. For the six-month period ending February 28, 2003, our fund underperformed the Russell 2000 Index by 76 basis points.

While we did underperform the benchmark for the overall six-month period, the main drag on relative performance occurred in November 2002. During this month, the smallest stocks in the Russell 2000 Index rallied significantly. Since we were not exposed to these micro-caps, as most active managers were not, our performance lagged the benchmark significantly during the month of November. Fortunately, our strong relative performance during the remainder of the fourth quarter and the first two months of 2003 offset November's relative underperformance. Again, our research-oriented stock selection process allowed us to choose well-run, financially sound companies that avoided the major credit issues of larger firms in their sectors. Additionally, our decision to remain conservative in tilting sector weightings away from the most volatile markets enabled us to avoid major blowups.

We believe several conditions exist that could lead to an economic recovery during 2003. First, both low interest rates and the Bush administration's fiscal stimulus should bode well for the economy. Second, inventory levels still remain low. When restocking of these inventories occurs, this should boost the economy. Third, consumer spending has held up during tough times. As is evident in the strength of the housing market, consumers continue to purchase large ticket items, taking advantage of low interest rates. Despite these positive factors, we believe market volatility will continue in 2003. The uncertainty of the outcome of the situation in Iraq and possible related terrorist activities have lowered investor sentiment. The situation in Iraq will undoubtedly continue to weigh on the economy. Consequently, the duration and success of the war will be a significant determinant of the speed at which the economy will rebound.

Although we believe the overall market will remain volatile, we still believe that investment opportunities exist. In particular, we find both the technology and healthcare sectors to be attractive. Maintaining our past investment philosophy, we plan to continue striking on our best ideas.

We believe that, over the next three years, this strategy will reap rewards for the Stern endowment.

Sincerely,
Thaddeus Davis and Kimberly DeDominicis

INVESTMENT STYLE AND STRATEGY

The objective of the Small Cap Fund equity portfolio ("the portfolio") is total return in excess of the return on the Russell 2000 through capital appreciation and dividends.

The portfolio will invest exclusively in US-traded equities with market capitalization of less than that of the largest component of the Russell 2000 index at the time of purchase. While the portfolio does not have an explicit bias towards "growth" or "value" investing, the substantial use of discounted cash flow analysis as a valuation tool may bias our portfolio slightly towards a price-to-earnings ratio lower than that of the Russell benchmark.

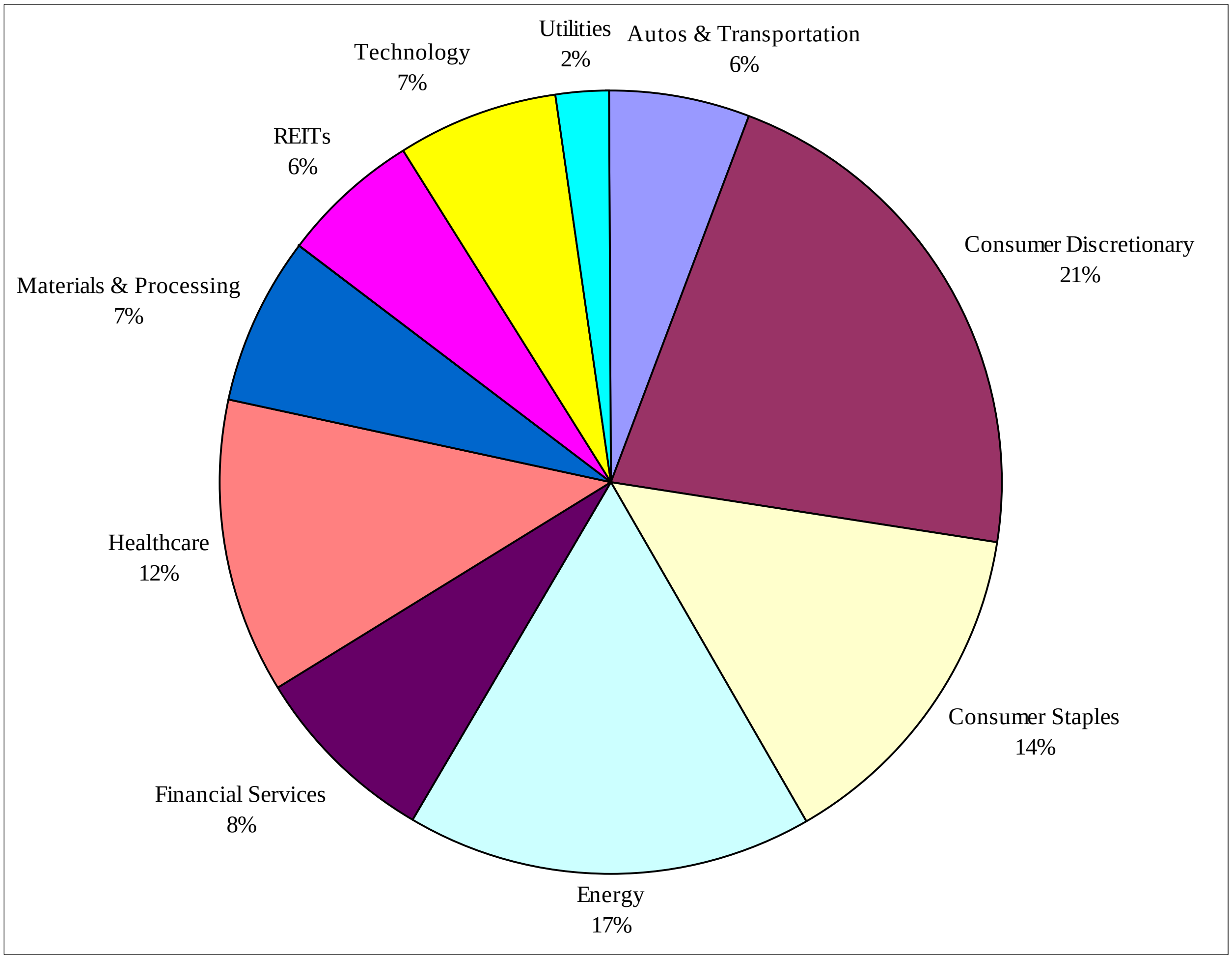
The Small Cap portfolio is intended to be a concentrated portfolio of 20 to 25 positions. Security selection is driven by bottom-up fundamental research. While the MPSIF Fund is not bound to strict sector guidelines, it is the aim of portfolio management to be continually aware of the portfolio's sector weights versus those of the benchmark; the fund may elect to over- or underweight specific sectors as appropriate.

Note: Effective January 1, 2002 the portfolio changed benchmarks from the S&P 600 to the Russell 2000, in part to allow the Michael Price Student Investment Fund (MPSIF) as a whole to have a uniform benchmark (the Russell 3000).

Historically, the Small Cap portfolio has not taken positions in stocks with a market capitalization greater than that of the largest company in the benchmark index. As the largest company in the Russell 2000 is approximately half the size of that in the S&P 600 ($1.3 billion versus nearly $3 billion), the portfolio currently holds positions in companies that are larger than our target range. In an effort to achieve a market cap consistency that more closely resembles the benchmark, portfolio management has moved to reduce exposures to several larger cap holdings in the portfolio. This modification has been conducted on an opportunistic basis, primarily upon the occasion of a new addition to the portfolio, and is ongoing. We will continue to monitor cap size constraints – and alternative benchmark variances – to assess the necessity for additional portfolio adjustments.

FUND ALLOCATION

Sector allocation for the fund's holdings as of February 28, 2003 appears in the graphic below:

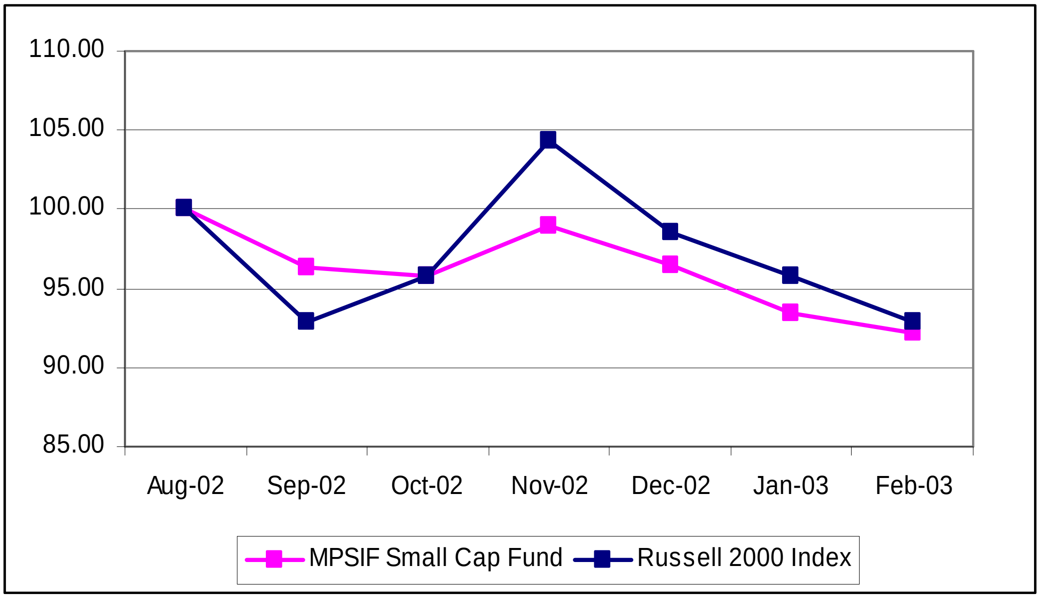


A summary of the fund's asset composition is detailed below:

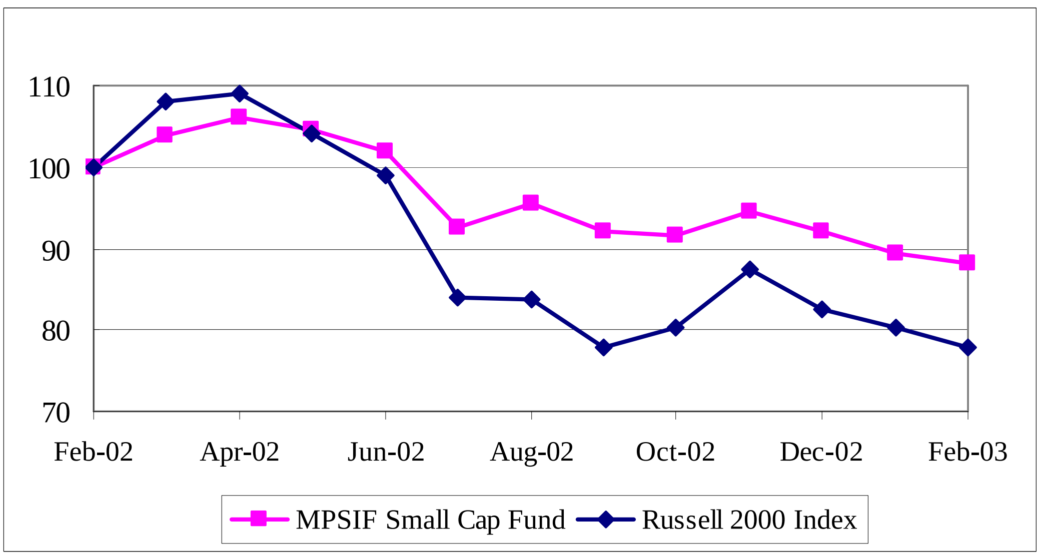
Small Cap Fund	Aug. 31, 2002 Mkt. Val.	Aug. 31, 2002 % Assets	Feb. 28, 2003 Mkt. Val.	Feb. 28, 2003 % Assets
Cash	26,688	5.96%	41,974	10.17%
Equities	421,281	94.04%	370,853	89.83%
Fixed Income	0	0.00%	0	0.00%
Total	447,969	100.00%	412,827	100.00%
Purchases	441,894		147,490	
Sales	639,745		136,074	

FUND PERFORMANCE

Cumulative Total Value Changes: (08/02 = 100)



Cumulative Total Value Changes: (02/02 = 100)



Note: The Small Cap Fund switched its equity benchmark to the Russell 2000 from the S&P 600, effective January 1, 2002.

During the twelve month period ended February 28, 2003, the Small Cap Fund outperformed the Russell 2000 Index benchmark by approximately 1,020-basis points. Total return for the fund was -11.9% versus a decline of -22.1% for the Russell 2000. Since inception, the fund has a cumulative return of 3.3% or 1.1% annualized.

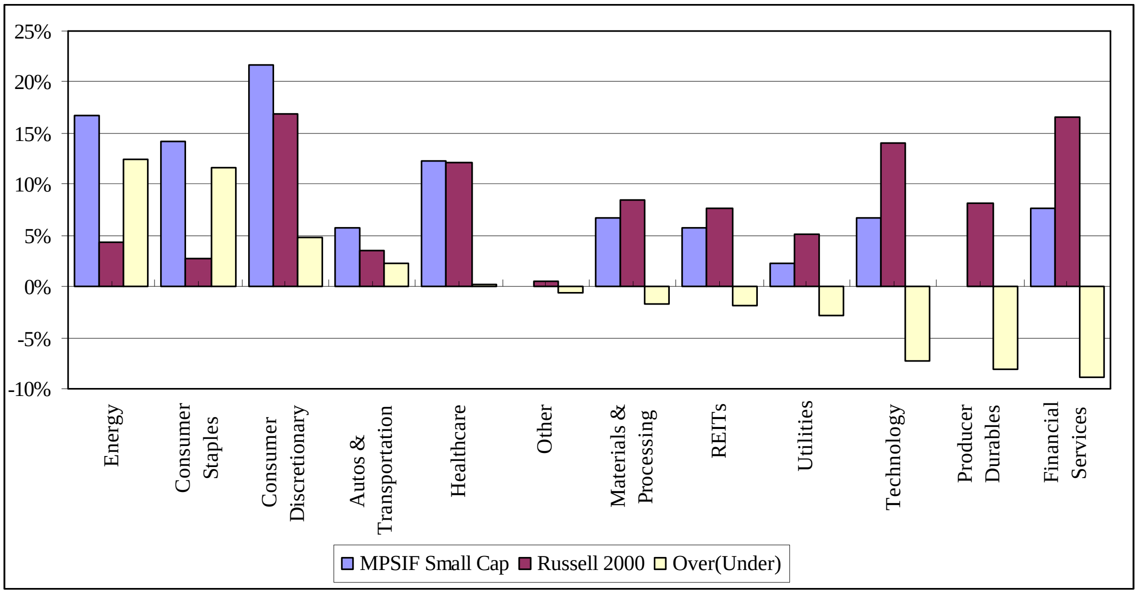
More recently, the returns of the MPSIF small cap portfolio have suffered from the continuing impact of the prolonged U.S. economic downturn. Ongoing geopolitical and economic uncertainties have conspired to diminish equity market demand and the Russell 2000 Index is now near four-year lows. The market appears to have reached a nadir of sorts during the past six months, where the fund lagged the benchmark by nearly 80-basis points. For the six-month period ended February 28, 2003, the small cap portfolio generated a return of -7.8% which compares unfavorably to the Russell 2000's return of -7.1% over the same period.

On a trailing twelve month basis, the fund managed to significantly outperform its benchmark through a combination of positive sector allocation and strong stock selection. Despite a significant technology rally in the fourth quarter of 2002, when the sector gained nearly 27%, high tech issues significantly underperformed for the period. As a result, the fund's underweight exposure– as of February 28, 2003 the fund's exposure was 6.8% versus 14.1% in the benchmark – and defensive posture significantly aided results. While a market weight exposure in the health care sector weighed on returns, strong stock selection in that sector – particularly among selected pharmaceuticals holdings – helped mitigate this impact. Additionally, the fund's lone financial sector position – Student Loan (NYSE: STU) – also aided returns, despite an underweight exposure to that outperforming sector. From a style perspective, the fund's "growth at a reasonable price" (GARP) bias and extensive use of discounted cash flow analysis as a valuation tool positively affected results as value stocks significantly outperformed growth stocks within the Russell 2000.

FUND PROFILE

The fund does not maintain specific guidelines regarding asset allocation among sectors. Compared to our benchmark index, the Russell 2000, the fund is currently overweight in energy, consumer staples, consumer discretionary, and autos & transportation. The fund has an approximate market weight exposure to health care, with a particular emphasis on the pharmaceutical and biotechnology industries. The fund is significantly underweight in financial services, producer durables, and technology, and modestly underweight in utilities, REITs, and materials & processing.

The following table highlights the fund's relative sector exposures, as of February 28, 2003.



February 28, 2003 Positions

Company	***Russell 2000 Sector***	***Shares***	***Value***	***% Assets***
Cephalon	Healthcare	250	12,038	2.92%
Chromcraft Revington	Consumer Discretionary	1300	16,978	4.11%
Famous Daves	Consumer Discretionary	2500	7,650	1.85%
FLIR Systems	Technology	500	11,053	2.68%
Insituform Technologies	Materials & Processing	1150	14,490	3.51%
Jakks Pacific	Consumer Discretionary	1100	12,045	2.92%
Key Energy Services	Energy	2400	25,200	6.10%
Keystone Property Trust	REITs	2000	21,580	5.23%
Mantech	Technology	900	14,013	3.39%
Marsh Supermarkets	Consumer Staples	1500	15,030	3.64%
McCormick	Consumer Staples	800	18,504	4.48%
Oceaneering Int'l	Energy	400	9,240	2.24%
Pharmaceutical Resources	Healthcare	900	33,705	8.16%
Rayonier	Materials & Processing	500	10,630	2.57%
Saga Communications	Consumer Discretionary	500	8,550	2.07%
Sanderson Farms	Consumer Staples	1000	19,240	4.66%
Sinclair Broadcasting Pref'd	Consumer Discretionary	700	25,112	6.08%
Spartan Motors	Autos & Transportation	2000	21,500	5.21%
Steve Madden	Consumer Discretionary	600	10,170	2.46%
Student Loan Corp	Financial Services	300	28,290	6.85%
Ultra Petroleum	Energy	3000	27,450	6.65%
Unisource Energy	Utilities	500	8,385	2.03%
Total Equities			370,853	89.83%
Cash			41,974	10.17%
Total Assets			***412,827***	***100.00%***

In total there were nine additions to the fund in the six-month period ending February 28, 2003. Our top three performers during this period were Key Energy Services (+27%), Pharmaceutical Resources (+43%), and Saga Communications (+51%).

The following exhibit contains purchases and sales during the six-month period ending February 28, 2003:

Purchases	Sales
GameStop	Christopher & Banks
Insituform Technologies	Churchill Downs
Key Energy Services	Diagnostic Products
Mantech	Duocommun
Oceaneering International	GameStop
OSI Systems	North Fork Bancorp
Saga Communications	OSI Systems
Sanderson Farms	Silicon Valley Bancshares
Spartan Motors	Triquint Semiconductor

The following table summarizes the fund's top ten holdings as of February 28, 2003.

	Fund Top 10	Russell Sector	% of Assets
1	Pharmaceutical Resources	Healthcare	8.16%
2	Student Loan Corp	Financial Services	6.85%
3	Ultra Petroleum	Energy	6.65%
4	Key Energy Services	Energy	6.10%
5	Sinclair Broadcasting Pref'd	Consumer Discretionary	6.08%
6	Keystone Property Trust	REITs	5.23%
7	Spartan Motors	Autos & Transportation	5.21%
8	Sanderson Farms	Consumer Staples	4.66%
9	McCormick	Consumer Staples	4.48%
10	Chromcraft Revington	Consumer Discretionary	4.11%
	Total		***57.54%***

Note: For comparison purposes, the top ten holdings of the Russell 2000 benchmark comprised only 2.7% of the total index as of February 28, 2003.

SMALL CAP FUND FINANCIAL STATEMENTS

CASH FLOW FROM OPERATIONS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Dividends	13,802	3,337
Interest	717	215
Investment Income	14,519	3,552
Expenses / Fees	3,522	1,499
Net Investment Income	**10,997**	**2,053**

CHANGE IN NET ASSETS		
Net Investment Income	10,997	2,053
Realized Gain (Loss)	2,386	-36,285
Unrealized Gain (Loss)	-11,943	-12,847
Annual Withdrawal	-34,770	0
Net Transfers	-178,597	0
Net Other Adjustments	2,689	11,937
Net Change in Assets	**-209,238**	**-35,142**
Net Assets, Beginning of Period	657,207	447,969
Net Increase (Decrease)	-209,238	-35,142
Net Assets, End of Period	**447,969**	**412,827**

MPSIF SMALL CAP FUND MANAGEMENT TEAM

Michael Altman, Consumer Staples
After receiving a Bachelor of Arts in Economics from the University of Pennsylvania, Mike began working as an Associate for investment manager Morse, Williams & Co. He decided after a five-year tenure as a generalist to earn his MBA degree from Stern.

Thaddeus Davis, CFA, Co-Portfolio Manager, Technology / Consumer Discretionary
Prior to enrolling at Stern, Thad spent three years at Putnam Investments working with the large-cap growth portfolio team. Before that, Thad worked at Montgomery Securities (now Banc of America Securities) in equity research covering gaming, lodging and restaurant stocks. Following graduation, Thad will work at Bear Stearns Asset Management as a senior analyst within the small cap equity group.

Kimberly DeDominicis, Co-Portfolio Manager, Materials / Consumer Staples
Kim worked as an Investment Performance Analyst in the Equity Research Division at T.Rowe Price Associates before Stern. She was a summer associate at MetLife Investments where she worked with the Corporate Bond Strategist in the Credit Research Division. Following graduation, Kim will work at T.Rowe Price Associates as a senior portfolio analyst.

Amrita Guha, Health Care
Before starting at Stern, Amrita spent two years working at Accenture as an information technology consultant. Amrita will spend the coming summer working at Morgan Stanley Investment Management as an analyst on the health care sector fund.

Christopher Horvers, Market Strategist, Consumer Discretionary / Energy / REITs
Prior to Stern, Chris worked at Deloitte & Touche Assurance and Consulting specializing in the Securities Industry. He is a CPA, as well as a CFA Level II candidate. He spent his MBA summer at Bear Stearns in Equity Research and will continue in that capacity post-graduation.

Philip LaMariana, CPA, Trader, Financial Services / Defense
Prior to enrolling at Stern, Phil spent five years at PricewaterhouseCoopers in their Capital Markets division. During that time, Phil held positions in Audit, Business Advisory Services, and Risk Management. Phil is a Certified Public Accountant, licensed in the state of Massachusetts.

Craig S. Lottner, Fund Services, Producer Durables / Technology / Healthcare
Prior to joining Stern, Craig worked for three years at Gap, Inc. in San Francisco. During his tenure with the Gap, Craig worked as an Inventory Planner and Merchandise Buyer. Craig spent his summer in equity research with Brean Murray and Co. where he followed companies in the enterprise software, educational services, and retail sectors.

Robert Milacci, Consumer Discretionary
Prior to attending Stern, Robert worked for Putnam Investments as a Research Associate for the Quantitative Equity department supporting the Large Cap Growth team. Previously, Robert spent four years working for Fidelity Investments in various capacities.

Michael Perkons, Financial Services
Before enrolling at Stern, Michael worked as an analyst at Caxton Associates LLC, a multi-billion dollar hedge fund. Prior to Caxton, he worked as a fixed income trader at Fuji Securities in New York and Fiserv Securities in Philadelphia. Michael also serves as an analyst on the MPSIF Fixed Income Fund.

Ashwin Ramji, Director of Research, Auto & Transportation / REITs / Utilities
Prior to attending Stern, Ashwin was a senior financial analyst in the securitization group at Deloitte & Touche, where he primarily modeled collateralized debt obligations. During the summer, he worked in the equity research group at Bear Stearns.

Anthony Sherlock, ChA, CPA, Market Strategist, Energy / Utilities
Tony has worked extensively around the world performing due diligence, risk management and financial modeling. Tony is a Chartered Accountant who has eight years experience in financial services in Asia and Europe. Prior to Stern, Tony worked for Mellon Financial Corporation and Newton Asset Management in London. Currently, Tony is working part-time performing buy-side research for Dominick & Dominick LLC.

Jesse Singh, Financial Services
Prior to attending Stern, Jesse worked for four years at CalPERS in Sacramento, CA, where he traded and analyzed portfolios consisting of Asset-Backed Securities and money-market instruments. He is also an analyst in the Mortgage Sector for the MPSIF Fixed Income group. Jesse will be working in San Francisco this summer in Fixed Income Sales for UBS Warburg.

VALUE FUND

LETTER FROM THE PORTFOLIO MANAGER

The six months ending February 28, 2003 have been extremely challenging for the equity markets. The uncertainty surrounding the disarmament of Iraq and the threat of terrorism combined with weak macroeconomic figures and disappointing corporate profits resulted in significant volatility for equity investors. Overall, the market's unwavering focus on geopolitical concerns and economic indicators prevailed over the performance of many stocks with strong fundamentals and appealing valuations. Investors reacted on a day-to-day, hour-by-hour basis to news about arrests of key Al-Quaeda figures, U.N. proceedings and terrorism alert levels, sending the stock markets on a long and unpleasant rollercoaster ride.

On a more positive note, the MPSIF Value Fund viewed this period as an opportunity to rebalance our portfolio, shifting assets out of cyclical sectors and poor performers into more defensive sectors such as consumer staples transportation and healthcare. We also realized that the market downturn provided an excellent chance to find good value investments and began extending our search process outside of the universe of well-known mid to large-cap stocks that have historically comprised our portfolio. Despite popular views that the entire equity market is overvalued, we believe that there are still many stocks that have been unjustly discounted due to the overall pullout from equities or because of previous firm-specific problems that management has begun to address.

We are "cautiously optimistic" that the next six months will bring investors some relief from the negative sentiment that has been hampering a recovery of the equity markets and the overall economy. While GDP, unemployment and consumer sentiment statistics are not encouraging for the short-term outlook, we feel that upon the economic resolution of the conflict with Iraq and additional stimulus from fiscal and monetary policies, business and consumer spending will begin to rebound.

Although we have adopted a slightly more conservative risk profile over the past six months, our basic strategy of investing in companies that we feel are undervalued by the equity markets has not changed. Over the past several months, we have implemented more formal screening processes for picking stocks as well as for realizing gains and losses on a timely basis. Since all of us came into the business world during the greatest bull market in history, the past few years have indeed been challenging, but ultimately also very educational. It is our hope that future Value Fund analysts will benefit from our legacy.

Sincerely,
Melissa Jaffe

INVESTMENT STYLE AND STRATEGY

The Value Fund seeks to maximize returns by investing primarily in mid to large cap companies with consistent year over year earnings that are trading at a discount relative to their peer group or the market as a whole. The metrics it closely monitors, among others, are price-earnings, dividend yields, and various free-cash-flows ratios. Firms must be publicly traded on major world exchanges and generate the bulk of their revenues in developed markets. There is, however, no specific country or region quota. The fund seeks to outperform its benchmark, the Russell 1000 Value, without significantly deviating from the index's risk profile. Due to the fund's tax-exempt status it does not consider the impact of capital gains or income taxes in its management decisions. The fund does not engage in shorting, derivatives trading, or other esoteric investment strategies. The fund is required to pay an annual 5% fee to support bringing selected University of Oklahoma students to New York University for a summer program. In order to ensure this payment, the fund maintains a portion of its assets in fixed income (managed for us by MPF).

FUND ALLOCATION

The Value Fund seeks to diversify its assets across a variety of sectors. While we do aim to invest as broadly as possible, our sector allocation at any period is based on our views about the overall economy and how specific sectors will perform given this perspective.

Compared to our benchmark index, the Russell 1000 Value, the fund is overweight Industrials & Materials and Health Care —defensive plays in this difficult market environment. On the other hand, in light of the degree of damaging news that has affected the Financial and Technology sectors over the past year the fund continues to significantly underweight these sectors' allocations.

	Aug. 31, 2002		Feb. 28, 2003	
Value Fund	**Mkt. Val.**	**% Assets**	**Mkt. Val.**	**% Assets**
Cash	12,457	2.91%	40,122	11.38%
Equities	386,361	90.18%	312,374	88.62%
Fixed Income	29,624	6.91%	0	0.00%
Total	428,442	100.00%	352,496	100.00%
Purchases	314,862		135,786	
Sales	486,925		160,935	

FUND PERFORMANCE

The six months ending February 28, 2003 saw significant declines in all of the major equity market indices. The Value Fund was particularly hit hard due to large losses in some very solid blue chip companies, including McDonalds, JP Morgan Chase and Alcoa. Intermittent signs of economic recovery during the period made us reluctant to sell some of these holdings. We did not anticipate the persistence and depth of the current bear market.

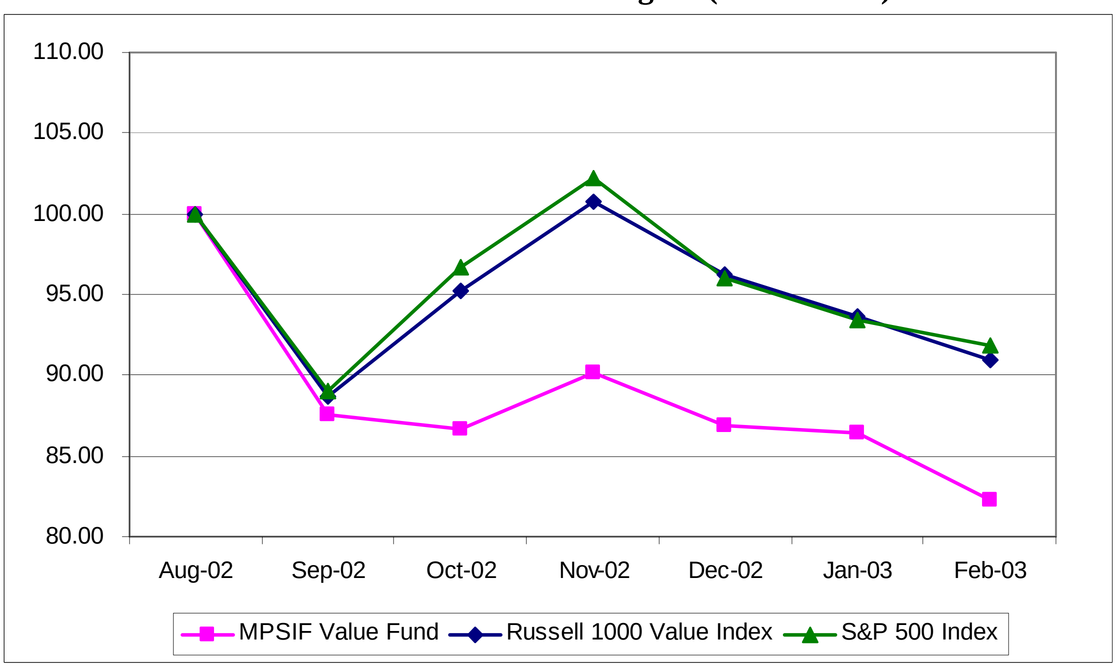
Shortly after the beginning of the second semester, we began a period of somewhat aggressive portfolio rebalancing, shifting more assets into sectors that had held up throughout the past six months such as healthcare and real estate, and maintaining a larger cash position. We realized over $70,000 in losses on some of the worst performing stocks, such as EDS, Duke Energy and JP Morgan Chase, in order to reinvest the funds in more fundamentally strong value plays. Our analysts' diligence and thoroughness have resulted in new positions that have shown strong promise over the last two months, including Select Medical and Roadway Corporation.

The fund's performance throughout the six months ending February 28, 2003 is detailed in the following charts and tables.

	Six Month Return	**Index Value**	
	(9/1/02-2/28/03)	**8/30/2002**	**2/28/2003**
MPSIF Value Fund	-17.7%	$428,442	$352,495
DJIA	-8.9%	8,663.50	7,891.08
S&P 500	-8.2%	916.07	841.15
Rusell 1000 Value	-9.1%	473.88	430.96

	Monthly Period Summary						
	8/31/02	**9/30/02**	**10/31/02**	**11/30/02**	**12/31/02**	**1/31/2003**	**2/28/2003**
Equities	$386,361	$332,561	$354,841	$378,570	$363,901	$362,252	$312,373
Fixed Income	29,624	29,759	0	0	0	0	0
Cash	12,457	12,884	16,311	7,663	8,245	8,260	40,122
Total Assets	$428,442	$375,204	$371,152	$386,233	$372,146	$370,512	$352,495
Monthly Return		-12.4%	-1.1%	4.1%	-3.6%	-0.4%	-4.9%
Cummulative Return		-12.4%	-13.4%	-9.9%	-13.1%	-13.5%	-17.7%

Cumulative Total Value Changes: (08/02 = 100)



FUND PROFILE

Holdings as of February 28, 2003:

Company	Sector	Shares	Price	Value	% Equity	% Assets
Alcoa	Basic Materials	800	$20.50	$16,400	5.3%	4.7%
Barr Labs	Health Care	462	77.91	35,994	11.5%	10.2%
Cendant	Consumer Discretionary	1600	12.31	19,696	6.3%	5.6%
Consolidated Edison	Utilities	232	39.00	9,048	2.9%	2.6%
Encana	Energy	547	32.83	17,958	5.7%	5.1%
General Mills	Consumer Staples	609	42.87	26,108	8.4%	7.4%
Hollywood Entertainment	Media & Communications	550	14.06	7,733	2.5%	2.2%
Mack Cali Realty	Financials	940	28.90	27,166	8.7%	7.7%
McKesson Corp	Health Care	378	26.64	10,070	3.2%	2.9%
McDonalds	Consumer Staples	800	13.61	10,888	3.5%	3.1%
Microsoft Corp	Technology	392	23.70	9,290	3.0%	2.6%
Nova Chemicals	Basic Materials	1239	17.95	22,240	7.1%	6.3%
Roadway Corp	Transportation	600	30.90	18,540	5.9%	5.3%
Select Medical	Health Care	1507	13.30	20,043	6.4%	5.7%
Tidewater	Energy	530	30.62	16,229	5.2%	4.6%
United Technology	Industrials	500	58.58	29,290	9.4%	8.3%
Wells Fargo	Financials	200	45.35	9,070	2.9%	2.6%
Winnebago	Capital Goods	217	29.35	6,369	2.0%	1.8%
Worldcom	Media & Communications	1750	0.13	241	0.1%	0.1%
Total Equities				$312,373	100.0%	88.6%
Cash				40,123		11.4%
Total Assets				$352,496		100.0%

Assets by sector as of February 28, 2003:

Sector	Value	MPV % Assets	MPV % Equity	Russell 1000 Value % Equity
Industrials & Materials	$74,299	21.1%	23.8%	11.4%
Media & Communications	7,974	2.3%	2.6%	6.7%
Consumer Discretionary	19,696	5.6%	6.3%	5.1%
Consumer Staples	36,996	10.5%	11.8%	11.1%
Energy	34,187	9.7%	10.9%	11.3%
Financials	36,236	10.3%	11.6%	33.7%
Health Care	66,107	18.8%	21.2%	3.8%
Technology	9,290	2.6%	3.0%	5.2%
Transportation & Business Services	18,540	5.3%	5.9%	2.9%
Utilities	9,048	2.6%	2.9%	5.9%
Other	0	0.0%	0.0%	2.9%
Total Equities	$312,373	88.6%	100.0%	100.0%
Cash	40,123	11.4%		
Total Assets	$352,496	100.0%		

Changes in assets during period:

Sales	Shares	Price	Proceeds	Cost Basis	Gain/(Loss) Short Term	Long Term
Duke Energy	300	$20.47	$6,142	$8,391	--	($2,249)
EDS	570	12.00	6,840	30,552	(23,712)	--
Harrah's Entertainment	227	32.55	7,388	9,974	(2,587)	--
Imperial Chemical	1,790	14.54	26,020	29,983	(3,963)	--
JP Morgan Chase	629	16.00	10,064	23,747	--	(13,683)
Meristar Hospitality	1,440	3.60	5,184	26,189	--	(21,005)
Orient Express Hotels	1,759	9.78	17,196	30,023	(12,827)	--
7Eleven	3,000	7.21	21,629	29,048	--	(7,419)
Waste Management	1,250	24.76	30,949	20,909	--	10,040
Total Equity			131,411	208,815	(43,089)	(34,316)
Strong Short Term Bond Fund	3,362	8.78	29,524	31,536	(2,017)	--
Total Assets			$160,935	$240,351	($45,106)	($34,316)

Purchases	Shares	Price	Cost
Consolidated Edison	232	$43.02	$9,981
Harrah's Entertainment	227	43.94	9,974
Hollywood Entertainment	550	18.25	10,038
McKesson Corporation	378	26.39	9,975
Microsoft Corp	196	50.88	9,972
Nova Chemicals	1,239	20.93	25,932
Roadway Corp	600	33.30	19,980
Select Medical	1,507	13.27	19,998
Wells Fargo	200	49.77	9,954
Winnebago Industries	217	46.00	9,982
Total Purchases			$135,786

VALUE FUND FINANCIAL STATEMENTS

CASH FLOW FROM OPERATIONS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Dividends	13,568	3,875
Interest	1,270	77
Investment Income	14,838	3,952
Expenses / Fees	3,910	1,435
Net Investment Income	**10,928**	**2,517**

CHANGE IN NET ASSETS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Net Investment Income	10,928	2,517
Realized Gain (Loss)	72,519	-79,421
Unrealized Gain (Loss)	-63,830	-62,875
Annual Withdrawal	-38,150	0
Net Transfers	-195,956	0
Net Other Adjustments	-89,532	63,833
Net Change in Assets	**-304,021**	**-75,946**
Net Assets, Beginning of Period	732,463	428,442
Net Increase (Decrease)	-304,021	-75,946
Net Assets, End of Period	**428,442**	**352,496**

MPSIF Value Fund Management Team

Alison Birch, Asst. Fund Services Director and Media Analyst
Prior to enrolling at Stern, Alison worked as an equity research associate at Credit Suisse First Boston covering satellite services and interactive television companies. Prior to that, she worked as an investment banking analyst at ING Barings. Alison received her bachelor's degree in finance and marketing from Boston College. She is a CFA Level II candidate.

James Chartier, Fixed Income and Healthcare Analyst
Jim graduated from Duke University with a BS in Mechanical Engineering and served as a Logistics Officer in the U.S. Army prior to Stern. Last summer, he worked as a trading assistant at a convertible bond hedge fund.

Matthew Chesler, Treasurer and Transportation Analyst
Matt graduated from Pomona College in 1995 with a BA in Economics and is a Level III Candidate for the CFA Charter. Matt spent the summer as an equity research associate for Deutsche Bank Securities covering the U.S. large cap pharmaceutical sector. Prior to Stern, Matt held various positions with Ernst & Young and PricewaterhouseCoopers providing financial advice to CEOs and troubled companies.

Weekee Chong, Trader and Financial Services Analyst
Weekee spent last summer as a capital markets associate at Lehman Brothers in New York. Prior to Stern, Weekee worked as a portfolio manager and trader in fixed income for Landesbank Baden-Wuerttemberg. Weekee received his BSE in computer engineering and MSE in industrial and operation research engineering from the University of Michigan, Ann Arbor.

Gregory Dunham, Market Strategist and Defense and Technology Analyst
Greg spent last summer at Sidoti & Company, an independent small-cap equity research shop. Prior to Stern, he spent 3 years in the Application Software industry implementing ERP, CRM, and SCM solutions. Greg received a BS in Mechanical Engineering from the University of Wisconsin, Madison.

Melissa Jaffe, Portfolio Manager
Melissa spent last summer at CIBC World Markets, where she worked in equity research for the healthcare services group. Prior to Stern, she spent four years in the healthcare industry. Melissa received her BA from Princeton University.

Vincent Love, Fund Strategist and Consumer Cyclicals / Consumer Staples Analyst
Vincent worked for three years as an Analyst and an Associate for Scotia Capital, the investment banking division of The Bank of Nova Scotia. He spent one year in Corporate Finance and two years in Mergers and Acquisitions. Vincent graduated from The University of Manitoba with a Bachelor of Commerce

Erindra Krisnawan Mangunkusumo, CFA, Financial Services and REITs Analyst
Prior to Stern, Erindra was a Senior Equity Analyst with BNP Paribas, covering the South East Asian consumer stocks. He spent this summer performing High Yield research for Pax World Fund, a mid-size investment management firm in New York.

Stacey Miller, Market Strategist, Leisure and Lodging Analyst
Prior to Stern, Stacey lived in Chicago and worked seven years in the commercial insurance industry as a national accounts underwriter and business development supervisor. Stacey received her BS in actuarial science from the University of Illinois at Urbana-Champaign.

Mila Mogilevitch, Director of Fund Services and Utilities Analyst
Mila graduated from University of Southern California with a BS in Accounting. Prior to Stern, she worked in the Assurance and Business Advisory department of Arthur Andersen. During the summer she interned with CIBC World Markets in the Private Equity Group. Mila is a Level II candidate for the CFA Charter.

SriRam Padmanabhan, Co-Research Director and Consumer Staples Analyst
Prior to Stern, Ram was a market researcher, covering FMCG clients. He spent this summer at Deloitte Research.

Christopher Pritchard, Fixed Income and Capital Goods Analyst
Chris graduated from Yale in 1997 and worked for a consulting firm, helping set-up and run its operations in Latin America. He subsequently returned to the US and worked for a venture capital firm in New York, which he then left to work in and eventually manage the Business Development Group of StarMedia Network Inc, a publicly traded new media firm thatfocuses on Latin America / Spanish and Portuguese speaking users worldwide.

Deepak Ramamurthy, Co-Research Director and Basic Materials Analyst
Deepak spent last summer doing management consulting with Deutsche Post Worldnet in Switzerland. Prior to Stern, Deepak worked in operations and project management with ITC Ltd, a conglomerate in India. Deepak received his B.Tech. in Electrical Engineering from the Indian Institute of Technology.

Sujata Shekar, Market Strategist and Energy Analyst
Prior to Stern, Sujata was a senior relationship manager in the Corporate Bank for American Express Bank in Bombay, India. Sujata is a Chartered Accountant received her bachelor’s degree in commerce.

FIXED INCOME FUND

LETTER FROM THE PORTFOLIO MANAGER

The six-month period ended February 28, 2003 marks the second semester that the fixed income portfolio has been in existence as a standalone entity. We believe that we have gained significant ground in continuing to develop and focus the strategy of this portfolio. During the past six months, we have made substantial changes to the allocation within the portfolio, as well as chosen a new benchmark that more closely matches our investment goals. Given our limited financial resources we continue to invest solely in mutual funds, although the possibility of investing in individual bonds continues to be discussed as a potential option in the future.

Since we are making asset allocation decisions rather than choosing specific securities, we are managing the fund in a top-down manner. We have divided up responsibilities by placing one analyst in charge of predicting changes in the level and term structure of interest rates, two analysts covering mortgage-backed securities, one analyst following corporate bonds and two analysts focusing on high yield bonds. This structure has proven to be effective in ensuring that each member of the team contributes a level of expertise to the creation of our portfolio.

Our objective in managing the fixed income portfolio is to provide a less volatile stream of returns than the MPSIF equity portfolios, as well as to generate income to meet our annual cash distribution needs. We have recently decided to change our benchmark from a "5-year Treasury Note Total Return +100bp" benchmark to the Vanguard Total Bond Index (VBMFX) total return benchmark. Given the fact that a significant portion of our portfolio is invested in corporate and high yield bonds, we have decided the Vanguard Total Bond Index is a more appropriate benchmark to base the results of our allocation and duration decisions upon. We had considered alternative benchmarks, such as the Lehman Aggregate Bond Index; however, the Vanguard Total Bond Index is the only appropriate benchmark that we are able to track on a regular basis. The goal of the Vanguard Bond Index Fund is to replicate the Lehman Aggregate Bond Index.

The duration of the Vanguard index is approximately 3.77, and we have decided to maintain our portfolio duration relatively in line with this figure. The active management of our portfolio will lie in the allocations that we put in place for corporate bonds, treasuries, mortgage-backed securities, high-yield bonds, and cash.

The past few years have been extremely lucrative for fixed income investments. While in the long run we expect equities to strongly rebound, our analysts believe that the high level of uncertainty currently present in both the economy and the world will allow for continued success for fixed income investments over the foreseeable future.

Sincerely,
Benjamin Bubeck

STATEMENT ON INVESTMENT STYLE AND STRATEGY

In the most recent annual report, Nicholas Brown outlined the major shifts in asset allocation that we made on October 16, 2002 to our portfolio. Specifically, we invested 5% in Money Market Funds, 34% in Mortgage-Backed Securities, 51% in Corporate Bonds, and 10% in High-Yield Bonds. We held those positions through the end of the semiannual period ended February 28, 2003; therefore, the performance figures shown in this presentation are based on those allocations.

On March 13, 2003, our group decided to update our allocations to fit our current view on the market, as well as to capture some profits that we had achieved since October. Specifically, we decided to sell $50,000 worth of our Barclay's iShares Corporate Bond Fund position and to buy $50,000 worth of Lehman's iShares 7-10 year Treasury Fund. The effect of this transaction was a reduction of our corporate allocation to 40% from 50%, as well as an addition of a 10% allocation to treasuries. Our specific rationale for this reallocation is discussed in the section below, which outlines the view that each of our analysts currently has on his/her respective sector. In the near term, we also plan to redistribute our mortgage-backed securities position. We have chosen a Pimco mortgage fund and will select an agency type fund as replacements for our current mortgage-backed fund. This will allow a more focused exposure to these different types of securities than the current mixed securities MGIDX fund.

Our current asset allocation is as follows:

Fund	**Ticker**	**MV as of 4/1/03**	**Weight**	**Duration**	**W*D**
Columbia High-Yield	CMHYX	$53,347.90	9.9%	3.71	0.37
iShares Lehman 7-10 year Treasuries	IEF	$49,542.00	9.2%	6.47	0.60
iShares Corporate Bond	LQD	$224,962.64	41.9%	6.26	2.62
Managers Intermediate Duration	MGIDX	$173,609.39	32.3%	1.55	0.50
Cash		$35,852.13	6.7%	0	0.00
Total Portfolio		$537,314.06	100.0%		**4.09**

Portfolio Duration	**4.09**

Our analysts' views of each sector of the fixed income market are described below:

Interest Rates

We continue to hold the view that interest rates are near cyclical lows and have little room to move lower, absent a major event, such as another terrorist attack, that could throw the economy into another recession. For the next six months, interest rates are most likely to be range bound, with the yield on the ten year Treasury note remaining between 3.75% and 4.20%. Shorter term, we remain open to the possibility of one more rate cut by the Federal Reserve, but do not see any additional cuts after that one. The yield curve should steepen as the Federal Reserve pursues an easing monetary policy to aid the U.S. economy.

Rates will back up in the longer end as the Treasury will have to issue new securities to pay for the war in Iraq and any future economic stimulus. This view is based on the war in Iraq progressing somewhat smoothly. While a quick resolution is not assured, as long as the markets can see an eventual resolution, the focus will continue to shift toward economic factors. The economy should continue to improve which will slowly force rates up towards the end of the year and out of the range in which they have been. Our recent purchase of the Lehman iShares 7-10 Year Treasuries fund (IEF) was largely a result of rebalancing the fund to track an established benchmark and was not made with the belief that Treasuries will outperform other fixed income securities.

Mortgage-Backed Securities

With interest rates stabilizing over the past few months, mortgage performance has tapered off from previous quarters. Indeed, the MPSIF Mortgage Fund, MGIDX, returned 1.04% versus the 1.47% return of the Lehman Aggregate Index over the past 3 months. Mortgage issuance has remained high, due to continued record refinancing activity keeping the pipeline full. While these trends were expected to abate due to a short war in Iraq and gradual recovery, recent developments suggest a delay in such an outcome. Also, should military action move beyond Iraq (as alluded to by the Secretary of Defense recently), this would alleviate fears of negative convexity dramatically affecting returns in a negative manner. As a result, we maintain a short term neutral outlook on mortgages, keeping an eye on economic and military developments in order to judge when we would lighten our allocation to the sector (the next likely scenario, given historically low rates and negative convexity of mortgages). Finally, we should note that given the record refinancing activity, our concern moves from contraction risk to extension risk – a factor when considering mortgage funds and their impact on the overall duration of the MPSIF Fixed Income Fund. If interest rates remain unchanged, mortgage durations are expected to double over the next two years. If interest rates increase by as little as 75bp, mortgage durations could double within three months.

Corporate Bonds

Since October of 2002, corporate bonds have outperformed treasuries due to tightening corporate spreads. However our outlook for the rest of the year is more cautious. The continued weakness in the US economy and the war in Iraq create a lot of uncertainty regarding the timing of a recovery in corporate profits. Until some of this uncertainty is lifted, further gains will be hard to come by; especially following the recent run up in prices. In an effort to capture some of the recent gains in the corporate portion of our fund, we have recently rebalanced the corporate allocation within the portfolio to 40% from 52%.

High-Yield Bonds

We believe that the market currently provides attractive total return opportunities for the high-yield asset class. High-yield securities share characteristics of both fixed income and equities but over a long term time horizon, overall volatility of high-yield is lower than that of equity securities. Spreads between high-yield securities and Treasuries have tightened somewhat after reaching record highs last year, but there is still room to tighten further.

While high-yield returns have not been robust, they are poised to benefit from a rebound in corporate earnings and renewed equity market momentum. For the year ended 2002, high-yield return was (1.2%) with an annual default rate of 8.7%. (Source: Lehman U.S. HY Corporate Index) However, in the 4th quarter the market reported a +6.7% return which dampened the pain felt earlier in the year and set the stage for potential recovery. According to the Merrill Lynch index, there is a high chance of repeated positive returns. Nine of the past ten times that the quarterly high-yield returns have been at least 6%, the subsequent quarter was positive.

Overall, we believe high-yield is likely to outperform other fixed income classes in the upcoming quarters based on the fundamentals discussed above, as well as other factors including; renewed confidence in corporate earnings, firmness in global equity markets and steady GDP growth.

FUND ALLOCATION and FUND PROFILE

As of 2/28/03, we owned the following funds:

Columbia High Yield Fund (CMHYX)
High Yield Bonds
Current Value: $52,599
Cost Basis: $53,994
Unrealized Gain (Loss): ($1,395)

Barclay's iShares GS$ InvesTop Corporate Bond Fund (LQD)
Corporate Bonds
Current Value: $276,225
Cost Basis: $257,175
Unrealized Gain (Loss): $19,050

Managers Intermediate Duration Government Fund (MGIDX)
Mortgage-Backed Securities
Current Value: $173,938
Cost Basis: $170,998
Unrealized Gain (Loss): $2,940

We also held $35,827 in money market funds. Our total return for the six month period ending February 28, 2003 was 5.517 %.

Fixed	Aug. 31, 2002		Feb. 28, 2003	
Income	Mkt. Val.	% Assets	Mkt. Val.	% Assets
Cash	79,569	15.59%	35,827	6.65%
Equities	0	0.00%	0	0.00%
Fixed Income	430,868	84.41%	502,770	93.35%
Total	510,437	100.00%	538,597	100.00%
Purchases	430,868		357,175	
Sales	0		300,851	

FIXED INCOME FUND FINANCIAL STATEMENTS

CASH FLOW FROM OPERATIONS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Dividends	4,586	12,980
Interest	301	291
Investment Income	4,887	$13,271
Expenses / Fees	345	688
Net Investment Income	**4,542**	**12,583**

CHANGE IN NET ASSETS	Fiscal Year ending 08/31/2002	Six Months to 02/28/03
Net Investment Income	4,542	12,583
Realized Gain (Loss)	0	851
Unrealized Gain (Loss)	5,895	20,593
Annual Withdrawal	0	0
Net Transfers	500,000	0
Net Other Adjustments	0	-5,867
Net Change in Assets	**510,437**	**28,160**
Net Assets, Beginning of Period	0	510,437
Net Increase (Decrease)	510,437	28,160
Net Assets, End of Period	**510,437**	**538,597**

OWNERSHIP OF THE FIXED INCOME HOLDINGS

The three MPSIF equity funds are the owners of the Fixed Income Fund. Each equity fund has designated representatives who act as agents for the fund and help provide expertise for the management of this portfolio. Each equity fund may add funds to this fixed income pool if their market strategists believe market risks warrant shifting to bonds. Subject to the overall MPSIF target of having at least twenty-five percent of MPSIF capital in fixed income type instruments, a fund may withdraw part of its allocation to fixed income upon proper notice. At present additions / withdrawals are reviewed twice a year —in October and again in May.

Currently the three MPSIF equity funds are equal owners of the MPF portfolio to which they initially allocated $ 500,000 in May 2002:

Shares and Dollars Owned February 28, 2003

Owner	Shares	Dollars
MPG	0.333333	179,532
MPS	0.333333	179,532
MPV	0.333333	179,532
Total	1.000000	**538,597**

MPSIF FIXED INCOME MANAGEMENT TEAM

(Profiles are located in the appropriate equity fund section.)

Benjamin Bubeck (Growth), Portfolio Manager

James Chartier (Value), Director of Fund Services
Mortgage-Backed Securities

Michael Perkons (Small Cap), Market Strategist
Interest Rates

Christopher Pritchard (Value)
High Yield Bonds

Jesse Singh (Small Cap), Market Strategist
Mortgage-Backed Securities

Alicia Stewart (Growth)
High Yield Bonds

George Williams (Growth)
Corporate Bonds

MPSIF The Michael Price Student Investment Fund

Application Overview Reports Links

The Funds: Fixed Income Growth Small Cap Value

The Website: http://pages.stern.nyu.edu/~mpsif