

Michael Price Student Investment Fund

Semi-Annual Report
For the period

September 1, 2003 – February 29, 2004

**For more information, visit our website:
<http://pages.stern.nyu.edu/~mpsif>**

**Published May 3rd, 2004
NYU Stern School of Business
Department of Finance - attn. Deputy Chairman
44 West Fourth Street, Suite 9-190
New York, NY 10012**

Table of Contents

MPSIF PORTFOLIO

| | |
|---|---|
| Message from the President | 1 |
| Review of Operations and Policies | 2 |
| Portfolio Benchmark and Performance | 3 |
| Portfolio Performance | 4 |
| Portfolio Allocation | 6 |
| Equity Sector Allocations | 7 |
| MPSIF Financial Statements | 8 |

GROWTH FUND

| | |
|--|----|
| Message from the Portfolio Manager | 9 |
| Investment Style and Strategy | 11 |
| MPG Fund Performance | 13 |
| MPG Fund Asset Allocation | 14 |
| MPG Fund Profile | 15 |
| MPG Fund Financial Statements | 16 |
| MPSIF Growth Fund Management Team | 17 |

VALUE FUND

| | |
|--|----|
| Message from the Co-Portfolio Managers | 21 |
| Investment Style and Strategy | 22 |
| MPV Fund Performance | 23 |
| MPV Fund Asset Allocation | 24 |
| MPV Fund Profile | 25 |
| MPV Fund Financial Statements | 26 |
| MPSIF Value Fund Management Team | 27 |

SMALL CAP FUND

| | |
|--|----|
| Message from the Co-Portfolio Managers | 31 |
| Investment Style and Strategy | 32 |
| MPS Fund Performance | 33 |
| MPS Fund Asset Allocation | 34 |
| MPS Fund Profile | 36 |
| MPS Fund Financial Statements | 38 |
| MPSIF Small Cap Fund Management Team | 39 |

FIXED INCOME FUND

| | |
|---|----|
| Message from the Portfolio Manager | 43 |
| Investment Style and Strategy | 44 |
| Macro and Sector View | 45 |
| MPF Fund Performance | 46 |
| MPF Fund Asset Allocation | 47 |
| MPF Fund Profile | 48 |
| MPF Fund Financial Statements | 49 |
| MPSIF Fixed Income Fund Management Team | 50 |

THE MPSIF EXECUTIVE COMMITTEES

Spring 2004

| | | |
|--------------------------|---|-----------------------|
| MPSIF President | - | Asif Y. Karmally, CFA |
| MPG Portfolio Manager | - | Andrew Holloway |
| MPV Co-Portfolio Manager | - | Michael D. Morris |
| MPV Co-Portfolio Manager | - | John P. Woodruff |
| MPS Co-Portfolio Manager | - | Richard A. Smith |
| MPS Co-Portfolio Manager | - | Adrienne E. Colby |
| MPF Portfolio Manager | - | Rohit Kumar, CFA |
| Faculty Advisor | - | Michael Keenan |
| Faculty Advisor | - | Richard Levich |

Fall 2003

| | | |
|--------------------------|---|--------------------------|
| MPSIF President | - | Christopher R. Pritchard |
| MPG Co-Portfolio Manager | - | Jennifer E. Milacci |
| MPG Co-Portfolio Manager | - | Christopher J. Smith |
| MPV Portfolio Manager | - | Vincent Love |
| MPS Co-Portfolio Manager | - | Michael R. Altman |
| MPS Co-Portfolio Manager | - | Robert J. Milacci |
| MPF Portfolio Manager | - | Jesse J. Singh |
| Faculty Advisor | - | Michael Keenan |
| Faculty Advisor | - | Richard Levich |

Board of Advisors

Dean Thomas Cooley, Stern School of Business, New York University
Dean Dennis E. Logue, Price College of Business, University of Oklahoma
Michael F. Price, Benefactor
Paul Affuso, Associate Dean, Stern School of Business
Martin Gruber, Professor of Finance, Stern School of Business
Michael Keenan, Professor of Finance, Stern School of Business
Richard Levich, Professor of Finance, Stern School of Business
Arthur Zeikel, Adjunct Professor of Finance, Stern School of Business

Resource Faculty

Aswath Damodaran, Professor of Finance, Stern School of Business
Fred Renwick, Emeritus Professor of Finance, Stern School of Business
Edward Kerschner, Adjunct Professor of Finance, Stern School of Business
Jennifer Carpenter, Associate Professor of Finance, Stern School of Business

MPSIF PORTFOLIO

MESSAGE FROM THE PRESIDENT

The US equity markets continued to show positive signs over the past six months as all the major indices racked up significant gains. Earnings announcements, consumer sentiment and spending, job creation numbers, and continued low interest rates all contributed to the strong results over the six months ending February 29, 2004. The US operations in Iraq and the threat of terrorism continued to be the major risk factors, and the markets did see significant volatility on days when major news (both positive and negative) was heard on either of these fronts.

The MPSIF portfolio grew by 11.7% over the six months ended February 29, 2004, and by 26.7% over the trailing 12 months. The portfolio's custom benchmark (75% Russell 3000 and 25% Vanguard Total Bond Index) rose by 11.8% and 29.6% over the same periods. Although our Fund lagged the benchmark by about 10 basis points over the trailing 6 months, the performance over 12 months includes the 5% annual withdrawal, which is not reflected in the benchmark. In addition, our Fund has easily met the overall objective of generating positive results adjusted for the rate of inflation. Over the past six months, the Small Cap Fund was the best performer in absolute terms, followed by Value and then Growth. However, Fixed Income was the only fund to outpace its benchmark.

For the second half of the fiscal year, we see continued gains for the major stock indices at least through the summer, with the real risk of a rate increase being a factor to consider for the Fixed Income fund. We expect continued improvement in macro indicators as the economy absorbs increases in corporate and retail spending. Given the recent gains in the stock markets however, it will be critical to pick the right stocks in order to continue to generate the positive results that the MPSIF portfolio has seen in recent months. In terms of particular sectors, our analysts remain bullish on the health care and financial sectors. We believe Iraq will continue to play a part in stock market performance, as well as any terrorist threats which may undermine the participation of US allies in those operations. On the domestic stage, the two major events to watch for are a rate increase from the Fed and the impending US Presidential election.

I know all the participants in the MPSIF funds join me in thanking Mr. Michael Price for his generous gift that makes this student investment fund possible. The opportunities for professional and academic growth through individual company analysis and portfolio management decisions are enormous, and will help each of us succeed in our careers.

Sincerely,

Asif Y. Karmally, CFA
MPSIF President

REVIEW OF OPERATIONS AND POLICIES

The MPSIF is divided into four autonomous funds: the Growth Fund, the Small Cap Fund, the Value Fund, and the Fixed Income Fund. While the goal of each fund is to purchase under-valued securities within its investment universe, each fund is free to determine the best way to identify those opportunities. Incoming portfolio managers and analysts endeavor to improve the stock selection process by building on their personal experience as well as that of previous fund participants.

From an overall portfolio perspective, the MPSIF Executive Committee (made up of the President, all the Portfolio Managers, and the Faculty Advisers) aims to develop and enhance best practices across all the funds in order to position the overall portfolio for continued success.

Some of the initiatives that the Executive Committee is currently considering are:

- Increased coordination between the funds to leverage best practices across the portfolio
- More active management of the Fixed Income portfolio and revamping the responsibilities of the Portfolio manager
- Increased use of risk targets as part of individual stock pitches
- Development of a rebalancing policy for the overall fund
- Increase the profile of the Fund amongst incoming students as a key selling point for the Stern School of Business
- Enhance the academic rigor of the course, perhaps by incorporating guest speakers who would share their views on the operations or future trends of the stock market

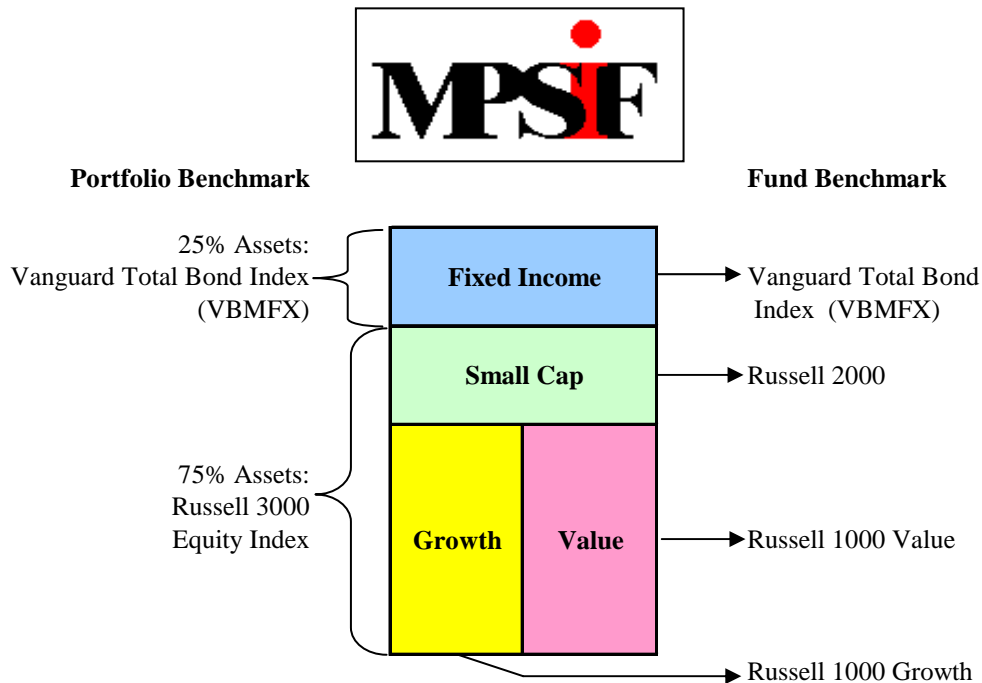
We feel that the ongoing success of the MPSIF Fund will depend not only on picking the right investments but also in adequate promotion of the course within the Stern community. The efforts of our Faculty advisers and previous student leaders of MPSIF are evident during the application process for participation, where the Executive Committee is swamped with applications from students eager to be involved in actively managing a part of the New York University Endowment.

I am confident that with careful planning, MPSIF's success (both financially and in the curriculum) will continue into the future.

PORTFOLIO BENCHMARK AND PERFORMANCE

As noted earlier, the MPSIF Fund's overall benchmark is a blend of the Russell 3000 Index and the Vanguard Total Bond Index Fund. The individual funds within MPSIF are benchmarked as follows:

| <u>Fund</u> | <u>Benchmark</u> | <u>6-Month Return to 2/29/04</u> | |
|--------------------|--|---|--------------|
| | | Portfolio | Index |
| MPSIF | 75% Russell 3000, 25% Vanguard Total Bond Index Fund | 11.67% | 11.77% |
| Growth Fund | Russell 1000 Growth | 10.04% | 11.55% |
| Value Fund | Russell 1000 Value | 13.70% | 16.09% |
| Small Cap Fund | Russell 2000 | 17.20% | 17.72% |
| Fixed Income | Vanguard Total Bond Index Fund | 5.23% | 4.85% |



PORTFOLIO PERFORMANCE

The following table shows return figures for the MPSIF portfolio and our custom benchmark. Clearly we have performed better over the long term than in the recent past. Note that our performance numbers are *net* of fees and an annual 5% dividend paid each May, while the index returns are gross of dividends. Despite this, the MPSIF fund has generated a very strong performance since inception, outpacing the Fund's custom benchmark by over 200 basis points even after the effect of annual withdrawals.

| MPSIF Fund Performance Periods Ending February 29, 2004 | | | | | | |
|--|----------------|-----------------|-----------------|---------------|---------------|--|
| | 1 month | 3 months | 6 months | 1 Year | 3 Year | Since Inception (2/29/2000) |
| MPSIF Net Returns* | 0.61% | 5.32% | 11.67% | 26.33% | 0.05% | 1.58% |
| Blended Benchmark | 1.16% | 6.51% | 11.77% | 29.57% | 0.82% | -0.77% |
| MPSIF Excess Return | -0.54% | -1.19% | -0.10% | -3.24% | -0.77% | 2.35% |

*** Note:**

Returns less than one year are per period. Returns greater than one year are per annum.

Performance numbers include the impact of 5% annual withdrawals in May 2001, 2002, and 2003

Upto 2/29/2004, total withdrawals were **\$268,825**.

Without these withdrawals, MPSIF annualized performance since inception would be roughly 350 basis points higher.

The following table shows a risk snapshot of the fund over its history. As measured by standard deviation of returns over the 3-year and since inception periods, the MPSIF portfolio has been less risky than its custom benchmark. Both MPSIF (net of dividends) and its benchmark have underperformed the risk-free Treasury rate, resulting in negative Sharpe ratios.

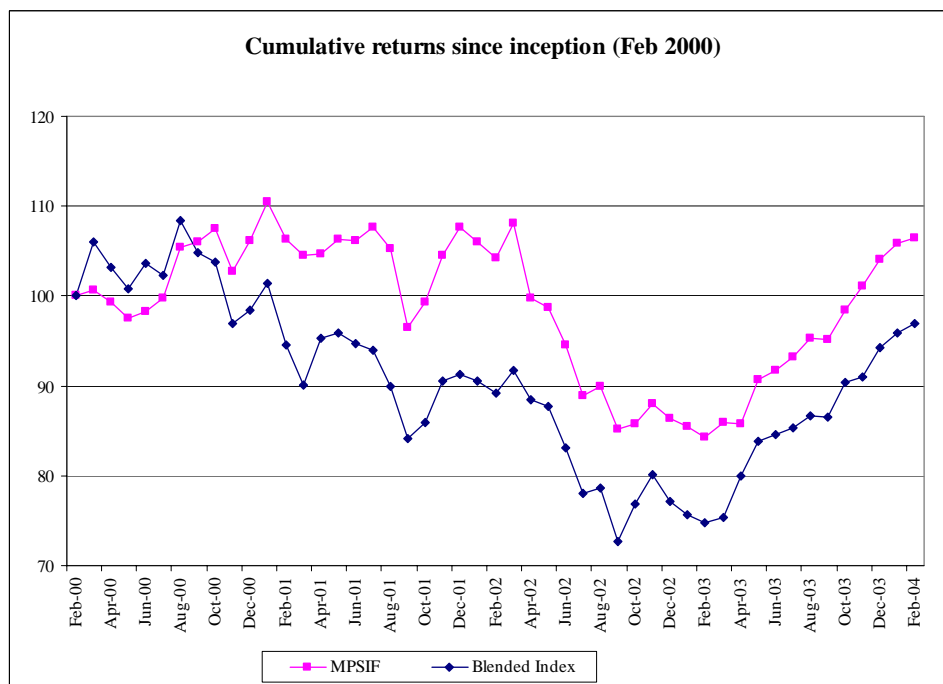
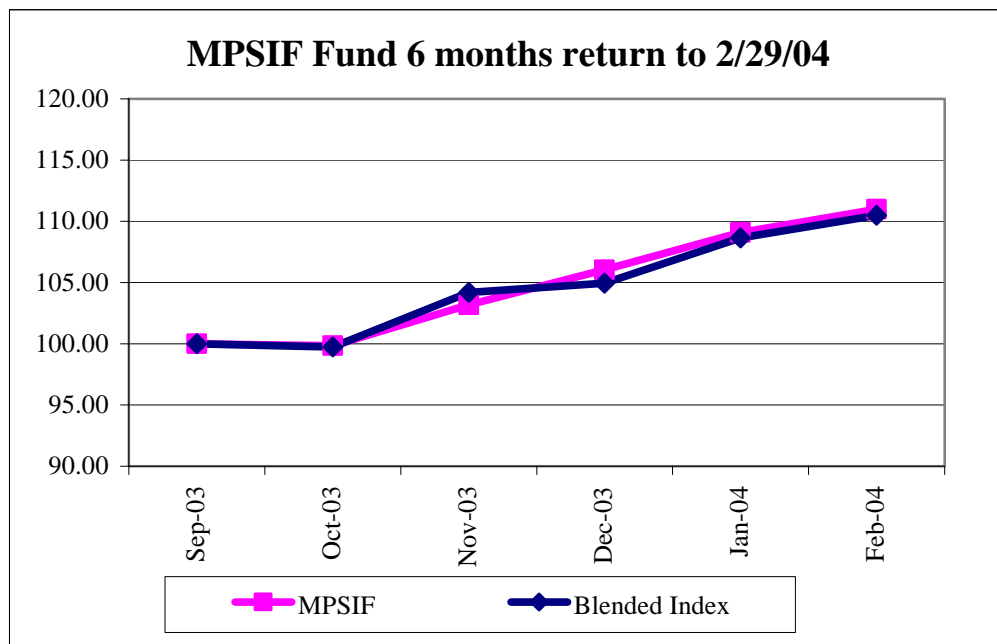
| MPSIF Fund Risk Measures Periods Ending February 29, 2004 | | | | |
|--|--------------------------------|---------------------|---|---------------------|
| | 3 Yr. Std Deviation | Sharpe Ratio | Since inception 4 Yr. Std. Deviation | Sharpe Ratio |
| MPSIF | 11.42% | (0.15) | 11.12% | (0.12) |
| Blended Benchmark | 12.77% | (0.08) | 13.18% | (0.28) |

Note:

Standard deviation and Sharpe ratios are calculated using net of dividend performance for the MPSIF Fund

PORTFOLIO PERFORMANCE (cont'd)

As the chart below shows, our portfolio has tracked very closely to the MPSIF Benchmark index over the past six months, although ultimately lagging the index by 10 basis points. Since inception however, the portfolio has comfortably outpaced the index, rising over 6% on a cumulative basis versus a 3% cumulative *decline* in our blended benchmark. The MPSIF portfolio return excludes the effect of paying a 5% annual dividend as well as all fees. Had we reported total returns including dividends, the cumulative performance would be in excess of 21%.

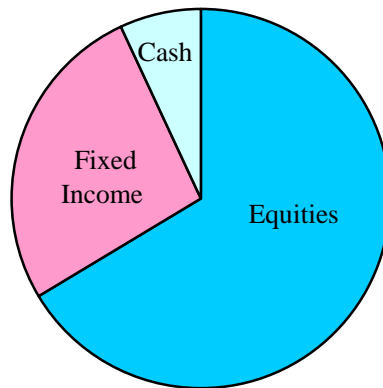


PORTFOLIO ALLOCATION

The baseline allocation of the portfolio is 75% equities, and 25% fixed income. The poor performance of the equity markets drove down the equity allocation significantly. With the recent market gains however, the allocation is growing closer to our target.

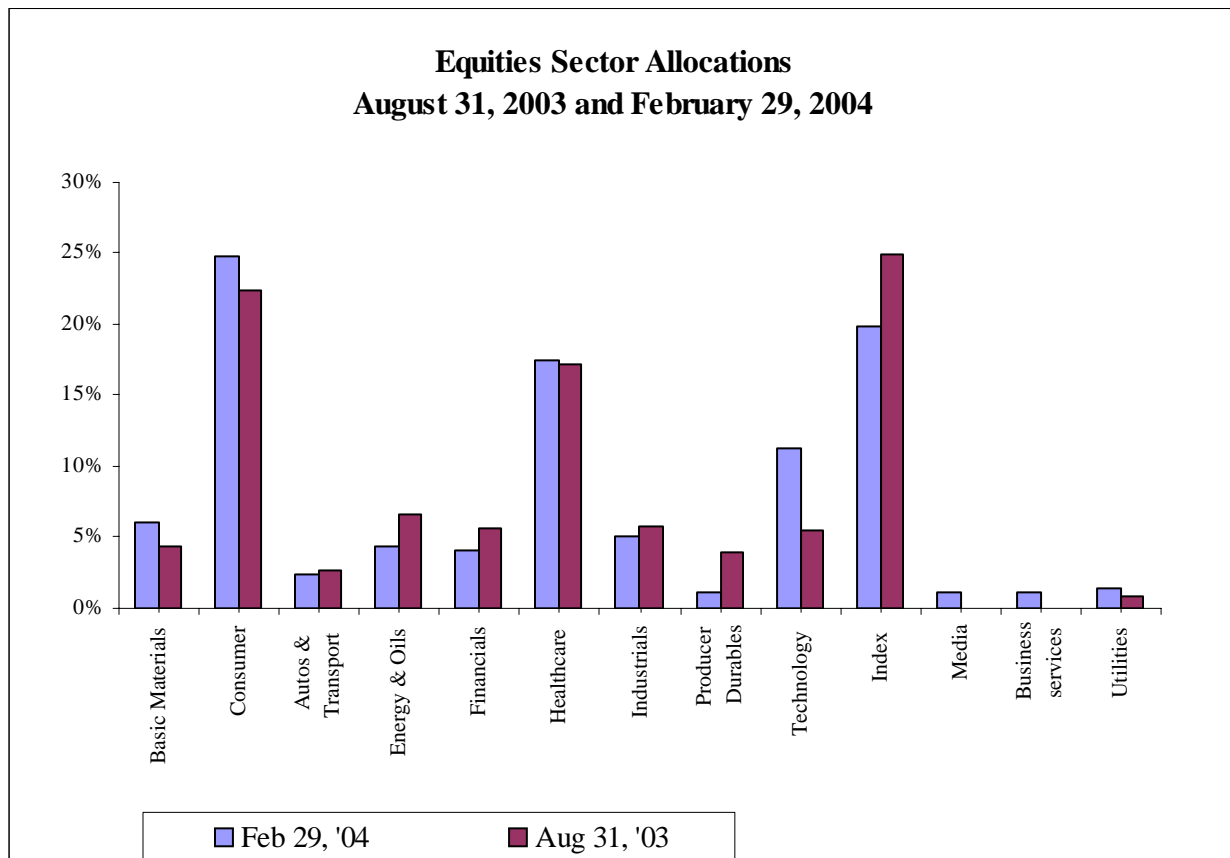
| Fund | August 31, 2003 | | February 29, 2004 | |
|------------------------|------------------------|-----------------|--------------------------|-----------------|
| | Market Value | % Assets | Market Value | % Assets |
| Growth | 222,413 | 13.0% | 244,267 | 12.7% |
| Value | 403,623 | 23.5% | 438,705 | 22.9% |
| Small Cap | 505,647 | 29.5% | 590,514 | 30.8% |
| Equities | 1,131,683 | 65.9% | 1,273,486 | 66.5% |
| Fixed Income | 493,680 | 28.8% | 512,148 | 26.7% |
| Cash | 90,823 | 5.3% | 130,821 | 6.8% |
| Total Portfolio | 1,716,186 | 100.0% | 1,916,455 | 100.0% |

MPSIF Allocations February 29, 2004



EQUITY SECTOR ALLOCATIONS

The equity portion of the MPSIF funds were broadly diversified across the major business sectors of the economy. The allocations support our portfolio managers' bullish views on the healthcare, technology and consumer spending sectors. As seen from the chart below, the MPSIF fund increased allocations to the Technology and Consumer sectors, while reducing its index allocation as well as those in the Energy and Financial sectors.



MPSIF FINANCIAL STATEMENTS

| | Fiscal Year ending 08/31/2003 | 6 Months ending 02/29/2004 |
|---|--|---------------------------------------|
| <u>CASH FLOW FROM OPERATIONS</u> | | |
| Dividends and MPF Interest | \$38,010 | \$18,300 |
| Bank Interest | 979 | 266 |
| Investment Income | \$38,989 | \$18,566 |
| Expenses / Fees | 8,560 | 3,775 |
| Net Investment Income | \$30,429 | \$14,791 |

CHANGE IN NET ASSETS

| | | |
|----------------------------------|--------------------|--------------------|
| Net Investment Income | \$26,907 | \$14,791 |
| Realized Gain (Loss) | (139,149) | 140,194 |
| Unrealized Gain (Loss) | 109,525 | 238,923 |
| Annual Withdrawal | (77,385) | 0 |
| Net Transfers | 0 | 0 |
| Net Other Adjustments | 176,735 | (193,639) |
| Net Change in Assets | \$96,633 | \$200,271 |
| Net Assets, Beginning of Period | 1,619,553 | 1,716,186 |
| Net Increase (Decrease) | 96,633 | 200,269 |
| Net Assets, End of Period | \$1,716,186 | \$1,916,455 |

Note: Numbers may not exactly match due to rounding errors.

GROWTH FUND

MESSAGE FROM THE PORTFOLIO MANAGER

The past year marked an important transition in the equity markets. After three consecutive years of declines, a war and countless corporate scandals, the equity markets rallied and offered substantial returns to investors. The past six months offered a unique environment in which to invest. By September of 2003, much of the gains of the post-Iraq rally were locked in. As a result, the Growth Fund looked carefully at its investment prospects, attempting to find growth stocks that were not yet "fully valued."

We are pleased to report that the Growth Fund was successful over the six-month period, returning 10%, although we did not surpass our benchmark, which returned 11.6%. (September 1, 2003 – February 28, 2004). For the spring 2004 semester, the Growth Fund is out-pacing its benchmark by 4% (January 1, 2004 - April 9, 2004). Our success this spring was the result of a deliberate change in our strategy and our focus.

First, we redefined the notion of growth to assist our analysts in their stock selection. In the world of professional investing, the term growth appears to apply to many different types of funds, such as "small cap growth," "large cap growth," or "international growth." Instead of using someone else's definition, we created our own. We believe companies can become growth investments if they have the following characteristics: pioneering a new product or service that will see dramatic future demand, altering pre-established norms in a static industry and gaining significant market share, applying its business model to new regions, or simply being a leader in an industry that is experiencing high levels of growth.

Second, we applied this definition aggressively, scrutinizing our holdings at the beginning of the period and making dramatic changes to our investments. Over the six months, we sold 12 of the original 18 holdings we started with, while holding approximately 20 stocks at a time. When we selected our new stocks, we again followed our new criteria rigorously, asking of each investment, "What is the catalyst for growth?"

Third, while giving our analysts a more qualitative definition of growth, we actually broadened their horizons in terms of security selection. We urged students to look for "new ideas" that move beyond many of the stocks that are household names. We also encouraged students to find international companies to diversify our portfolio and gain exposure to regions that are experiencing above average growth. Although no international purchases have been made yet, we have been able to discuss and debate the merits of companies like China Steel, Infosys and UT Starcom. We invested in two sector ETFs in order to gain exposure to sectors we felt were growing at the time. Moreover, a global focus has allowed us to conduct more robust analysis of each of our investments.

Overall, the students of Growth Fund are very appreciative of the opportunity to manage a real endowment fund. Through our participation in MPSIF, we have improved our ability to analyze companies, to present and debate the merits of investments to our peers and to evaluate investments in an international and economic context. Thank you.

Sincerely,

Andrew Holloway
Portfolio Manager

INVESTMENT STYLE AND STRATEGY

Investment Strategy

The goal of the MPSIF Growth Fund is to identify equity investments that represent significant growth opportunities. These growth opportunities may be a function of a revolutionary business model or a growing industry. If identified at the right time, these growth prospects should translate into earnings growth and in turn stock price appreciation. As we mentioned in the Portfolio Manager's letter, we believe companies can become growth investments if they have the following characteristics: pioneering a new product or service that will see dramatic future demand, altering pre-established norms in a static industry and gaining significant market share, applying its business model to new regions, or simply being a leader in an industry that is experiencing high levels of growth. Our goal is to identify these opportunities and to invest in those that are attractively priced.

Objective

To achieve returns above those of the Russell 1000 Growth Index, and to achieve a positive absolute return in accordance with our positioning as a portion of the New York University endowment fund.

Our Investment Process

Once the analyst defines this universe, he or she will apply quantitative analysis. He/she begins with balance sheet analysis, revenue and earnings trends. The analyst will examine relative valuations and then finally perform a fundamental analysis of the company. In order to recommend a stock for inclusion in the portfolio, a Growth Fund analyst must then answer the following question: "What is the catalyst for growth?" After the analyst finishes his/her assessment, he/she will present the investment idea to the class. The class will analyze the data and the cash flow model and debate the merits of the stock. After this rigorous process, the group will vote whether to purchase the stock.

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

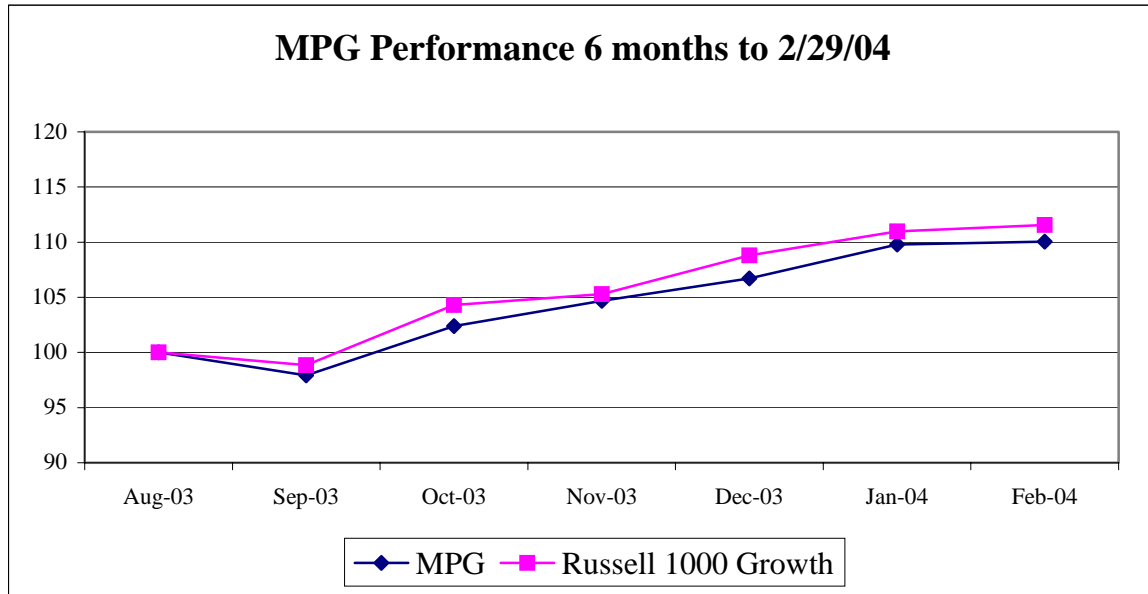
- The issuer's growth rate deteriorates or its performance otherwise disappoints.
- The price of the security attains our price target or otherwise appears relatively high to our fund's analysts.
- The company publishes negative earnings announcements that could affect the long-term outlook and industry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

Why Growth Stocks?

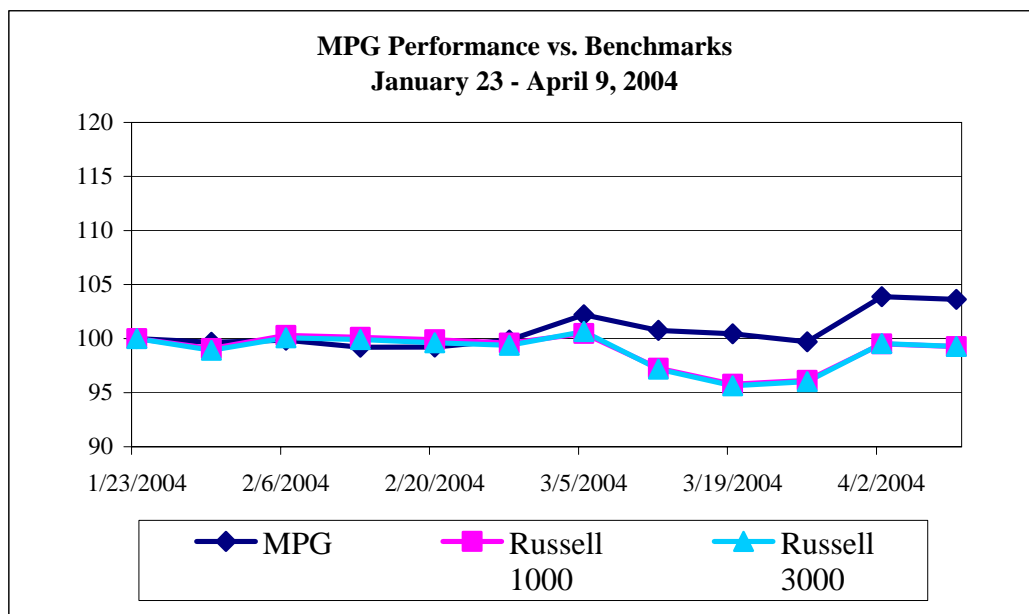
- Growth companies, by definition, are the fastest growing companies in the economy. We believe that earnings growth is the principal factor in determining common stock prices over time.
- Thus, we believe investing in the fastest growing companies that are not currently overpriced should lead to realization 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.

MPG FUND PERFORMANCE

Relative Performance of MPG and Russell 1000 Growth Index (September 2003 - February 2004)



The Growth Fund's Most Recent Activity (January thru April 9, 2004)



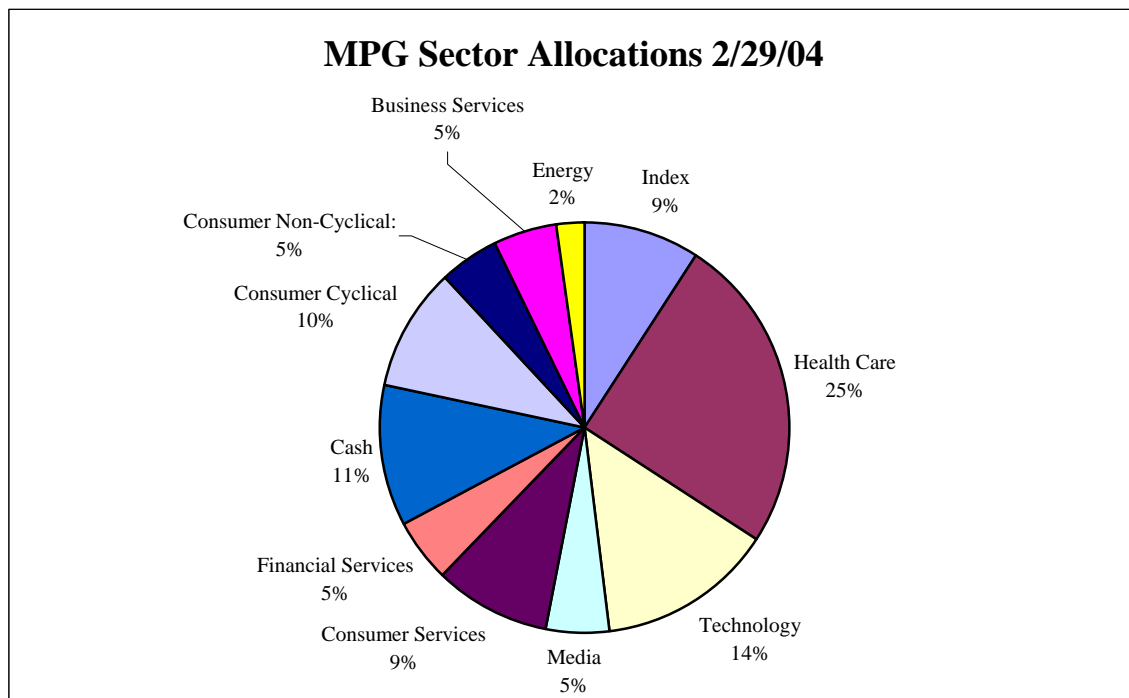
MPG FUND ASSET ALLOCATION

Following is a breakdown of our assets as of February 29, 2004:

| | August 31, 2003 | | February 29, 2004 | |
|--------------------|------------------------|-----------------|--------------------------|-----------------|
| Growth Fund | Market Value | % Assets | Market Value | % Assets |
| Cash | 27,581 | 11.03% | 30,802 | 11.2% |
| Equities | 222,413 | 88.97% | 244,267 | 88.8% |
| Total | \$249,994 | 100.0% | \$275,069 | 100.0% |
| | | | | |
| Purchases | \$52,813 | | \$25,001 | |
| Sales | \$88,726 | | \$52,683 | |

At the end of February 2004, the fund was underweight in the Technology and Materials and overweight Consumer Discretionary sectors, relative to our benchmark Russell 1000 Growth Index. In the coming months, we expect to reduce our cash and index a larger part of our portfolio (a summer management strategy), reduce our exposure to Consumer Discretionary, and increase our exposure to the retail sector.

A breakdown of our holdings by sector as of February 29, 2004, is shown below:



MPG FUND PROFILE

The following snapshot reflects the Growth Fund portfolio as of February 29, 2004. It also shows the sector for each holding. While the fund does not expressly try to match exposure with the Russell 1000 Growth Index, we do note where we are taking overweight or underweight sector positions relative to the index.

| Company | Russell 1000 Growth Sector | Shares | Value | % Assets |
|-----------------------------|-----------------------------------|---------------|------------------|-----------------|
| Russell 1000 Growth Index | Index | 524 | \$25,210 | 9.2% |
| AffyMetrix, Inc. | Health Care | 177 | \$6,016 | 2.2% |
| Amgen | Health Care | 242 | \$15,374 | 5.6% |
| Barr Pharmaceuticals, Inc. | Health Care | 150 | \$11,612 | 4.2% |
| Medtronic | Health Care | 275 | \$12,898 | 4.7% |
| Varian Medical System | Health Care | 271 | \$22,694 | 8.3% |
| Jabil Circuit Inc | Technology | 205 | \$5,736 | 2.1% |
| Semiconductor HOLDRS | Technology | 500 | \$20,450 | 7.4% |
| Adobe Systems Inc | Technology | 318 | \$11,846 | 4.3% |
| XM Satellite Holdings | Media | 563 | \$13,805 | 5.0% |
| Weight Watchers Intl, Inc. | Consumer Services | 320 | \$12,006 | 4.4% |
| Target Corp | Consumer Services | 300 | \$13,188 | 4.8% |
| iShares Dow Jones U.S. | | | | |
| Financial Sector Index Fund | Financial Services | 63 | \$6,832 | 2.5% |
| MBNA Corporation | Financial Services | 250 | \$6,833 | 2.5% |
| K-Swiss Inc. | Consumer Cyclical | 500 | \$12,025 | 4.4% |
| Harley Davidson | Consumer Cyclical | 285 | \$15,139 | 5.5% |
| Nature's Bounty, Inc. | Consumer Non-Cyclical | 386 | \$12,838 | 4.7% |
| Iron Mountain | Business Services | 300 | \$13,455 | 4.9% |
| Westport Resources Corp. | Energy: Oil & Gas Operations | 195 | \$6,312 | 2.3% |
| Total Equity | | | \$244,267 | 88.8% |
| Cash | | | 30,802 | 11.2% |
| Total Assets | | | \$275,071 | 100.0% |

MPG FUND FINANCIAL STATEMENTS

| | Fiscal Year ending 08/31/2003 | 6 Months ending 02/29/2004 |
|---|--|---------------------------------------|
| <u>CASH FLOW FROM OPERATIONS</u> | | |
| Dividends | \$1,224 | \$628 |
| Bank Interest | 141 | 66 |
| Investment Income | \$1,365 | \$694 |
| Expenses / Fees | 1,367 | 688 |
| Net Investment Income | (\$2) | \$6 |

CHANGE IN NET ASSETS

| | | |
|----------------------------------|------------------|------------------|
| Net Investment Income | (\$2) | \$6 |
| Realized Gain (Loss) | (53,853) | 55,565 |
| Unrealized Gain (Loss) | (21,182) | 31,473 |
| Annual Withdrawal | (10,970) | 0 |
| Net Transfers | 0 | 0 |
| Net Other Adjustments | 103,296 | (61,967) |
| Net Change in Assets | \$17,289 | \$25,077 |
| | | |
| Net Assets, Beginning of Period | \$232,705 | \$249,994 |
| Net Increase (Decrease) | 17,289 | 25,077 |
| Net Assets, End of Period | \$249,994 | \$275,071 |

Note: Numbers may not exactly match due to rounding errors.

MPSIF GROWTH FUND MANAGEMENT TEAM

Andrew Holloway – Portfolio Manager

Prior to coming to the Growth Fund, Andrew was one of the first people to be involved in online advertising and media. Andrew spent 6 years working with start-ups and mid-cap companies helping them to develop sales and build partnerships with other companies. Andrew spent his summer working at Bank of New York working on an interest rate derivatives sales desk. Andrew received his bachelor's degree from University of Pennsylvania.

Kathryn Calogredes – Market Strategist; Analyst, Healthcare

Kathy currently works as an Assistant Portfolio Manager at Carret and Company, a value investing firm with \$2 billion in assets for individuals and institutions. Prior to working at Carret, Kathy worked in equity research sales at Sanford C. Bernstein & Co. She received her B.A. in Economics and English Literature from Lehigh University in 1998.

Vinaya Krishnan – Analyst

Prior to Stern, Vinaya worked as an investment banking analyst in the Technology Mergers and Acquisitions group at SG Cowen Securities. She has also worked as an Investment Analyst with the Community Development Venture Capital Alliance. Vinaya holds a BS degree from the Wharton School at the University of Pennsylvania, with a dual concentration in Finance and Management.

Mark Lelyo, CPA – Economic Strategist; Analyst, Technology

Prior to joining the Growth Fund, Mark worked for Price Waterhouse as an auditor and at Avon Products as a financial analyst. Currently Mark is an Associate Director at Time Warner leading their financial systems group. Mark holds a bachelor's degree in accounting from the University of Connecticut.

Lauren Levine - Analyst

Lauren will be a second year full-time MBA student this fall. She worked on the growth fund for the Michael Price Student Investment Fund in the second semester of her first year. Over the summer, she will be working in biotech equity research at Tradition Asiel Securities. Prior to coming to Stern, she worked in investor relations at Financial Dynamics for several years and before that in equity research product marketing at Lehman Brothers. She received a BA in psychology from the University of Michigan.

Ben Radinsky – Analyst, Financial Services

Prior to joining the Growth Fund, Ben worked at Bear, Stearns and Co. Inc. as an analyst covering media companies. Previously, he spent time in the Bear Stearns market economics group forecasting trends in the domestic economy and in a group that manages the Bear Stearns middle and back offices. Ben holds a bachelor's degree in Biology from Yeshiva University.

Lisa Hunter Rasic – Analyst, Retail

Prior to Stern, Lisa worked for 3 years as director of marketing and strategic planning for Alloy, Inc. in New York City. Prior to Alloy, she worked in a variety of financial and operational roles at MTV Networks and CBS.com. Lisa received her bachelor's degree in Literature and Cultural Studies from Duke University. She will spend the upcoming summer as a research associate at W.R. Huff Asset Management in Morristown, New Jersey.

Chaim Schneider – Analyst, Energy

Prior to Stern, Chaim worked as an auditor at Deloitte & Touche specializing in the Securities Industry. He is a CPA, as well as a Level III CFA Candidate. Chaim graduated from Yeshiva University with a BS in Accounting and Information Systems.

Garrett Smith – Communications Director; Analyst, Consumer Staples

Prior to joining the Growth Fund, Garrett worked as a Mergers and Acquisitions analyst for Rothschild in New York. This past summer, Garrett covered technology, media, and telecom companies as a fixed income research associate at J.P. Morgan Chase. Garrett received a BA in Economics from the University of Pennsylvania.

Thang To – Analyst, Industrials

Prior to enrolling at Stern, Thang spent two and a half years at Arthur Andersen as a Senior Consultant in the Business Process Risk Consulting group. He spent the past summer at Lehman Brothers in the Sales and Trading rotational program. Thang is a Certified Public Accountant licensed in the state of California.

Kervin Uy – Research; Analyst, Energy, Utilities and Basic Materials

Kervin graduated from the University of the Philippines and is a Certified Public Accountant. Prior to Stern, he worked as a consultant with Arthur Andersen and as a corporate planning associate with Globe Telecom and JG Summit Holdings in the Philippines. Over the summer, he was an associate with Cornell Capital Partners.

Bradley Visokey – Trader; Analyst, Technology

Prior to joining the Growth Fund, Brad worked as an Associate at Deutsche Bank in New York, analyzing risk for their interest rate derivatives trading desk. He has also worked in similar functions at Greenwich Capital Markets and Prudential Securities prior to that experience. Brad earned a B.S. in Finance from Georgetown University in 1997.

George Williams – Fixed Income Representative; Analyst, Healthcare

Prior to Stern, George worked as a process engineer at FMC Corporation. This past summer, he interned with Standard and Poor's Corporate Credit Ratings group, covering U.S. utilities and energy companies. George holds a Masters degree in Chemical Engineering from the University of Delaware, undergraduate degrees from Rutgers University in Chemical Engineering and Economics, and is currently a CFA Level II candidate.

Tamara Yacavone, CPA – Trader; Retail Analyst

Prior to Stern, Tamara worked as a Controller at Goldman Sachs in Fixed Income Currencies and Commodities for the oil trading desk. She also has worked at PricewaterhouseCoopers LLP as a Senior Associate in Investment Management Services. Tamara graduated from Wake Forest University with a M.S in Accounting and a B.S in Analytical Finance.

VALUE FUND

MESSAGE FROM THE CO-PORTFOLIO MANAGERS

The six months ended February 29, 2004, saw quite a rally in the equity markets. The bear market of the last three years has finally turned around, and the market experienced significant gains in 2003. Positive indications of an improving economy, record low interest rates, and near-zero inflation all contributed to these gains. With positive signs in job growth and unemployment, we remain bullish in the near future.

As the market environment improved, several of our holdings achieved our valuation targets. We used this opportunity to take some profits and seek new investment ideas consistent with our value philosophy. The value fund moved positions from real estate and consumer staples into consumer discretionary and technology to take advantage of strong consumer and anticipated corporate spending. During this six-month period, the fund returned 13.7%, 2.4% below our benchmark the Russell 1000 Value Index. We attribute this underperformance to our somewhat cautious approach to movement into stronger, but traditionally more volatile sectors. As of February 29, the portfolio is moving closer to our sector targets based on our market expectations. We anticipate several changes to the portfolio over the next few months to realize our sector allocation goals.

Our basic investment principle remained to invest in companies that we feel are undervalued by the equity markets. We have implemented a formal process for screening, pitching, and tracking stocks in order to ensure that we can realize gains and losses on a timely basis. Since many of us are relatively new to the industry, we find this formal process to be quite educational, while at the same time necessary to maximizing our returns.

As we look forward we continue to see positive signs. The economy continues to gain strength, jobs may finally be starting to come back, and first-quarter corporate profits have improved dramatically on a year-over-year basis. Despite all the positive signs for the future, we do recognize some threats to a bull market. Terrorism remains a black cloud over the markets, and rising energy prices could start to eat into firms' profits. In addition, we recognize that the upcoming Presidential election could stir up policy issues that may impact corporate profits.

On behalf of the Value Fund, we would like to thank Michael Price for the unique opportunity he has given us to manage this fund.

Michael Morris and Jack Woodruff
April 2004

INVESTMENT STYLE AND STRATEGY

The Michael Price Student Investment Fund (MPSIF) Value Portfolio is part of the total MPSIF Fund, which in turn is a part of the New York University endowment pool. The Value Fund seeks to maximize returns by investing primarily in 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 ratios, 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 Index, 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 taking short positions in stocks, 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 invests a portion of its assets in fixed-income vehicles, primarily short and medium term fixed-income mutual funds. As of May 1, 2002, these funds are managed separately for us by the MPSIF Fixed Income Fund.

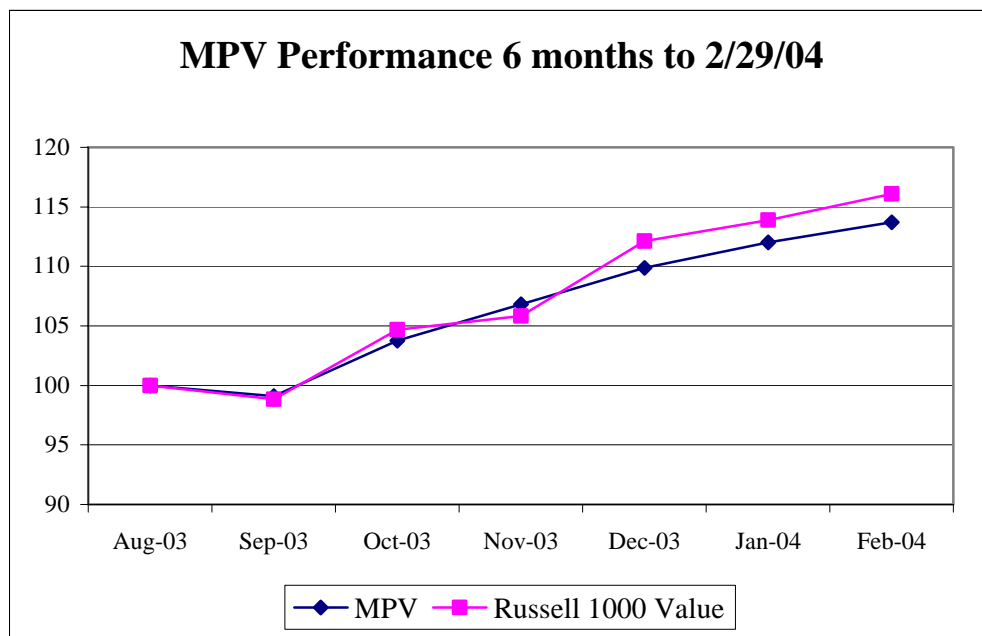
MPV FUND PERFORMANCE

The six months ending February 29, 2004 marked a significant turnaround in the equity markets, with the S&P 500 gaining over 12% throughout the period. Our benchmark, the Russell 1000 Value Index outperformed the S&P 500 by earning 16.1% in the same period.

The MPSIF Value fund earned 13.7% in the period; it underperformed the benchmark with a relative performance of -2.4%. Looking at the chart below, one can see that the portfolio tracked the Russell quite nicely through the first three months of the period, but fell considerably during the month of December. However, in January and February the fund was almost able to bring itself back up to the benchmark, falling short by a little more than a percentage point.

Throughout the period, the MPSIF Value fund was able to increase its assets more than \$61,000. Over \$12,000 of this was in realized capital gains, while \$46,800 was added to our cumulative unrealized gains. The fund also earned close to \$3,500 in dividends and interest, while paying \$1,500 in expenses and fees. Solid gains were earned through investments in Alcoa, Winnebago, Conextant, United Technologies, Encana and Thermo Electron. Microsoft, General Mills, and Clear Channel were the only three assets held by the fund to lose value over the period.

The fund's performance throughout the year is detailed in the following chart and tables.

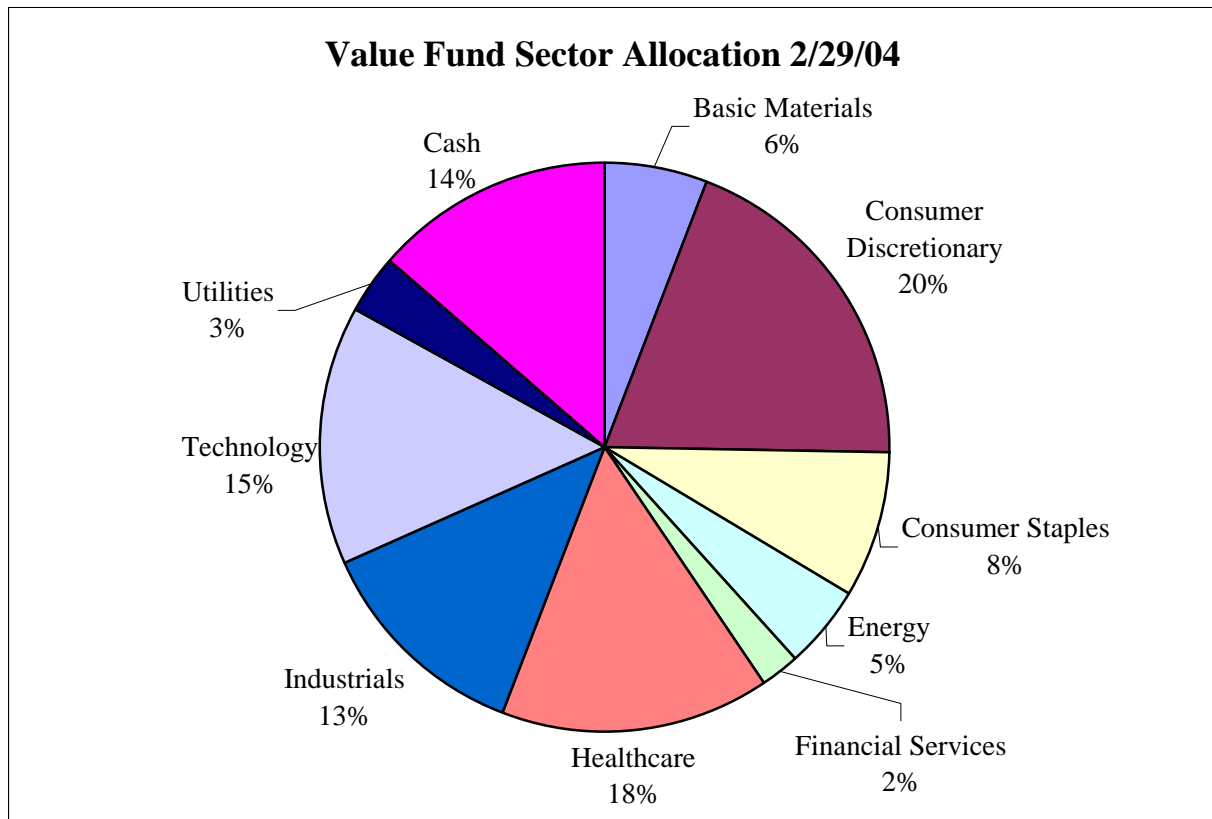


MPV FUND ASSET ALLOCATION

A breakdown of our asset class is shown below:

| | August 31, 2003 | | February 29, 2004 | |
|-------------------|------------------------|-----------------|--------------------------|-----------------|
| Value Fund | Market Value | % Assets | Market Value | % Assets |
| Cash | 42,315 | 9.5% | 68,359 | 13.5% |
| Equities | 403,623 | 90.5% | 438,705 | 86.5% |
| | | | | |
| Total | \$445,938 | 100.0% | \$507,064 | 100.0% |
| | | | | |
| Purchases | \$175,739 | | \$189,313 | |
| Sales | 219,548 | | 213,345 | |

The Value Fund invests across a variety of sectors. Although there are no specific guidelines regarding sector allocation, the fund seeks a balance across as many sectors as possible. In terms of sector allocation, the fund is currently overweight in Consumer Discretionary, Health Care, Industrials, and Information Technology, while underweight in Financials, Energy, and Telecom.



MPV FUND PROFILE

The table below shows our equity holdings as of February 29, 2004:

| Company | Sector | Shares | Value | % Assets |
|-----------------------|------------------------|---------------|------------------|-----------------|
| Alcoa Inc | Basic Materials | 800 | 29,976 | 5.91% |
| Adv Auto Parts | Consumer Discretionary | 892 | 35,189 | 6.94% |
| Black & Decker | Consumer Discretionary | 519 | \$26,749 | 5.28% |
| Clear Channel | Consumer Discretionary | 257 | 11,061 | 2.18% |
| Rent-A-Center | Consumer Discretionary | 755 | 24,568 | 4.85% |
| Winnebago Inds | Consumer Discretionary | 217 | 14,493 | 2.29% |
| Altria Group | Consumer Staples | 495 | 28,487 | 5.62% |
| Encana Corp | Energy | 547 | 23,767 | 4.69% |
| Wells Fargo & Co | Financials | 200 | 11,470 | 2.26% |
| Barr Labs | Health Care | 334 | 25,855 | 5.10% |
| Pfizer Corp | Health Care | 728 | 26,681 | 5.26% |
| Select Medical | Health Care | 1514 | 24,179 | 4.77% |
| Cendant CP | Industrials | 800 | 18,160 | 3.58% |
| United Tech CP | Industrials | 500 | 46,055 | 9.08% |
| Conexant | Information Technology | 4740 | 34,839 | 6.87% |
| Microsoft Corp | Information Technology | 392 | 10,400 | 2.05% |
| Thermo Electron | Information Technology | 1045 | 29,333 | 5.78% |
| Public Service Enterp | Utilities | 370 | 17,442 | 3.44% |
| Total Equities | | | \$438,705 | 86.5% |
| Cash | | | 68,359 | 13.5% |
| Total Assets | | | \$507,064 | 100.0% |

MPV FUND FINANCIAL STATEMENTS

| | Fiscal Year ending 08/31/2003 | 6 Months ending 02/29/2004 |
|---|----------------------------------|-------------------------------|
| <u>CASH FLOW FROM OPERATIONS</u> | | |
| Dividends | \$6,815 | \$3,391 |
| Bank Interest | 170 | 126 |
| Investment Income | \$6,985 | \$3,517 |
| Expenses / Fees | 2,798 | 1,507 |
| Net Investment Income | \$4,187 | \$2,010 |

CHANGE IN NET ASSETS

| | | |
|----------------------------------|------------------|------------------|
| Net Investment Income | \$4,187 | \$2,010 |
| Realized Gain (Loss) | (91,854) | 12,232 |
| Unrealized Gain (Loss) | 59,460 | 106,340 |
| Annual Withdrawal | (18,135) | 0 |
| Net Transfers | 0 | 0 |
| Net Other Adjustments | 63,838 | (59,456) |
| Net Change in Assets | \$17,496 | \$61,126 |
| | | |
| Net Assets, Beginning of Period | \$428,442 | \$445,938 |
| Net Increase (Decrease) | 17,496 | 61,126 |
| Net Assets, End of Period | \$445,938 | \$507,064 |

Note: Numbers may not exactly match due to rounding errors.

MPSIF VALUE FUND MANAGEMENT TEAM

Michael Morris, CPA – Co-Portfolio Manager; Industrials and Financials Analyst

This summer Mike worked as a Research Associate with New York Life Investment Management covering Electronics Manufacturing Services. Prior to Stern, Mike was a Financial Analyst with Capital One Financial and a Senior Associate in Business Assurance Services with PricewaterhouseCoopers. He graduated from The College of William and Mary in 1996 with a B.B.A. in Accounting.

Jack Woodruff, CPA – Co-Portfolio Manager

Jack spent the summer with Smith Barney as an equity research summer associate covering the major and specialty chemicals sector. Jack currently performs fundamental research at Trivium Capital, a long/short equity hedge fund located in New York City. Prior to Stern, he worked at Ernst & Young in the merger and acquisition due diligence department and the audit department. Jack received his B.S. in Accounting from the University of Southern California.

Derek Chan – Treasurer; Analyst, Financial Services

Derek spent the summer working in the Financial Institutions Group of ING's Investment Banking division in Hong Kong. Prior to Stern, he worked in the Credit Derivatives Operations group of Goldman Sachs. Derek is a Level III Candidate for the CFA Charter and he graduated with a Bachelor of Commerce degree from University of British Columbia in Vancouver, Canada.

Marcelo Charifker – Portfolio Strategist and Telecom Analyst

Marcelo spent the summer of 2003 working for Deutsche Bank as a Sales & Trading Generalist Summer Associate. Prior to Stern, Marcelo worked at the Trading Desk and in Strategic Planning for AmBev, a Beverage Company in Brazil. Marcelo received his BS in Civil Engineering from Federal University of Pernambuco and a BA in Business Administration from University of Pernambuco.

Mike Chen – Industrials Analyst

Prior to Stern, Mike was a Product Manager at Xilinx, a Silicon-Valley semiconductor company specializing in programmable logic devices. Mike received his B.S. from the University of California, Berkeley, in Electrical Engineering and Computer Science, and has passed the CFA Levels I and II examinations. This summer, Mike will be working at Deutsche Bank in the Fixed-Income Research group.

Paul Chisholm – Market Strategist; Analyst, Energy and Materials

Prior to Stern, Paul worked for ExxonMobil Chemical in research and development as both an engineer and project economics analyst. He has a Ph.D. and B.S. in chemical engineering from the University of Texas at Austin and the University of Notre Dame, respectively. He is also a former officer in the U.S. Army Reserves. He will be working with Lehman Brothers in credit research this summer in New York.

Melissa Gerardi – Trading Strategist; Analyst, Consumer Staples

Melissa is an Analyst in the Global Fund Treasury Group of Goldman Sachs Asset Management. Prior to joining Goldman Sachs in 2002, Melissa spent three years as an Associate Manager of Mutual Fund Accounting at Prudential Financial. Melissa holds a B.A. in Psychology/Business from Drew University.

Pierpaolo Iasci – Communication Director; Analyst, Health Care

Pierpaolo worked during the summer at Lehman Brothers Europe in the Investment Banking division. Prior to Stern Pierpaolo worked in the Quantitative Equity Research Department at Pioneer Investments as Portfolio Manager. Pierpaolo has passed the Level III exam for the CFA Charter and received his degree in Business Administration from Bocconi University in Milan, Italy.

Yun-Wen Vivian Jang – Portfolio Strategist; Technology and Telecom Analyst

Vivian worked at AAA International Investment & Development Co., Ltd. and China Life Insurance Co., Ltd. as an equity research analyst covering Taiwan's technology sector prior to Stern. Vivian holds a Bachelor of Commerce degree from University of Toronto and is a CFA Level III candidate.

Brad Korch – Communications Director; Consumer Discretionary Analyst

Prior to Stern, Brad was a senior consultant at Accenture, the management consulting firm formerly known as Andersen Consulting. Brad received a B.S. in Chemical Engineering from Cornell University. This summer, Brad will be working at UBS Investment Bank in the Equity Research group.

Kevin Li – Fund Services Director; Consumer Discretionary Analyst

Prior to enrolling at Stern, Kevin worked as a senior associate at PricewaterhouseCoopers' Assurance and Business Advisory Service division in China. Kevin received his bachelor's degree with major in finance and minor in law from Peking University, China. He is member of CICPA.

Neil Losquadro - Trader, Consumer Discretionary and Utilities Analyst

Neil is a first year MBA student who will be spending his summer with Credit Suisse First Boston in their Leveraged Finance Research group. Neil has prior work experience at Basswood Partners, American Express and Greenhill & Co.

Stacey Miller – Market Strategist; Research Director, Consumer Discretionary

Stacey worked at Goldman Sachs last summer in the Bank Debt Portfolio Group and will be returning to a full-time position in the Credit Risk Management & Advisory Group. Prior to Stern, she worked in the commercial insurance industry for 7 years as a national accounts underwriter and business development supervisor in Chicago. Stacey received her BS in actuarial science from the University of Illinois at Urbana-Champaign.

Stephen B. Shankman -Portfolio Strategist and Health Care / Technology Analyst
Prior to Stern, Stephen worked at Sanford C. Bernstein as an Associate Portfolio Manager for institutional accounts. Stephen spent the summer as a Research Analyst at Carret and Company. He led the research effort and worked closely with 14 different portfolio managers analyzing companies from all sectors. Stephen graduated with a B.A. from the University of Michigan.

SMALL CAP FUND

MESSAGE FROM THE CO-PORTFOLIO MANAGERS

The US equity markets saw a continuation of solid gains from the middle of 2003 through to the end of the reporting period. Accommodative fiscal and monetary policy helped to fuel corporate bottom lines and continued GDP growth. Year-over-year profit growth in both the fourth quarter of 2003 and thus far in the first quarter of 2004 has been very impressive. This recovery has been termed a “jobless recovery”, however, as reluctance to hire domestically persists and companies continue to outsource employment off-shore, causing employment growth to languish.

Nevertheless, the stock market has seen solid gains to date. Our benchmark index, the Russell 2000, was up 17.72% for the fiscal 6 months ending February 29, 2004, while the MPS portfolio grew 17.2%. Those gains have stalled recently, as the Fed signaled that the “considerable period” of low rates may be coming to an end. While rates are certain to rise going forward, the historically low base from which they will start will still result in an easy borrowing environment for the near future.

Looking forward to the second half of the fiscal year, we feel stock selection will prove to be the determining factor in portfolio performance, as the gains seen over the past year have resulted in a market which is close to fairly valued. While it has become increasingly difficult to find solid companies trading at compelling valuations, we have moved quickly to exploit any opportunities available. We are now looking for businesses that will perform well in a rising rate environment, in addition to those that have seen their share prices unfairly punished following the announcement of unfavorable news. That being said, with a watchful eye on both the job front and the impending presidential election, we anticipate continued GDP growth and consumer spending increases, but also a market that will begin to price in the start of a rate tightening cycle by the Fed. In addition, we see health care benefiting from positive, longer term trends: both the aging of the American population and its increasingly health-conscious attitude. Accordingly, we have increased our exposure to the consumer discretionary and health care sectors and have decreased our holdings in financials throughout the period. Our technology exposure remains low, as we have chosen to quickly realize gains when shares reach our target prices in order to minimize the risks inherent in this space.

We continue to focus on identifying opportunities that will allow us to achieve growth at a reasonable price. We are confident that our diligent research and active sector allocation strategy will yield solid results going forward as the market becomes more selective in rewarding investors.

Sincerely,

Richard Smith and Adrienne Colby
Co-Portfolio Managers

INVESTMENT STYLE AND STRATEGY

The objective of the Small Cap Fund is to achieve a total return in excess of the Russell 2000 Index through both capital appreciation and dividends. As an endowment fund our longer term goal is to ensure positive returns in excess of our five percent dividend rate plus the annual rate of inflation.

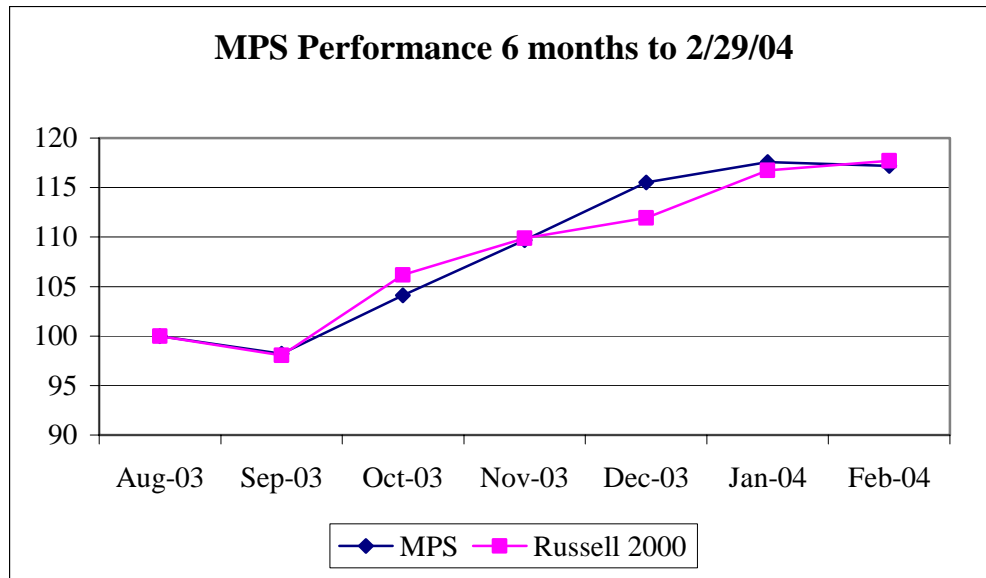
The portfolio will be invested exclusively in US-traded equities with market capitalizations of less than \$1.5 billion, or the equivalent of the largest stock in the Russell 2000 Index. While the portfolio does not have an explicit bias towards "growth" or "value" investing, the substantial use of discounted 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, with an average position size of \$20,000. Security selection is driven by bottom-up fundamental research in conjunction with the team's overall sector and economic views. While the MPSIF Fund is not bound to strict sector guidelines, it is the aim of the portfolio managers 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.

Historically, the fund is less actively managed during the summer, as full-time employment occupies the team. In May 2003, the team made the decision to liquidate a number of underperforming holdings and place the excess cash into an exchange traded fund, IWM or Russell 2000 iShares, which tracks the holdings and performance of the Russell 2000 Index, in an effort to better position the portfolio. The sale of a number of both short-term and long-term holdings left the portfolio with a 51% position in the index at the start of the fiscal year. Over the course of the reporting period we have substantially reduced that percentage down to 38%. As of April 8, 2004, that percentage has declined to approximately 23% of assets.

MPS FUND PERFORMANCE

Cumulative returns over the past six months for the MPS portfolio and the Russell 2000 are shown in the chart below:



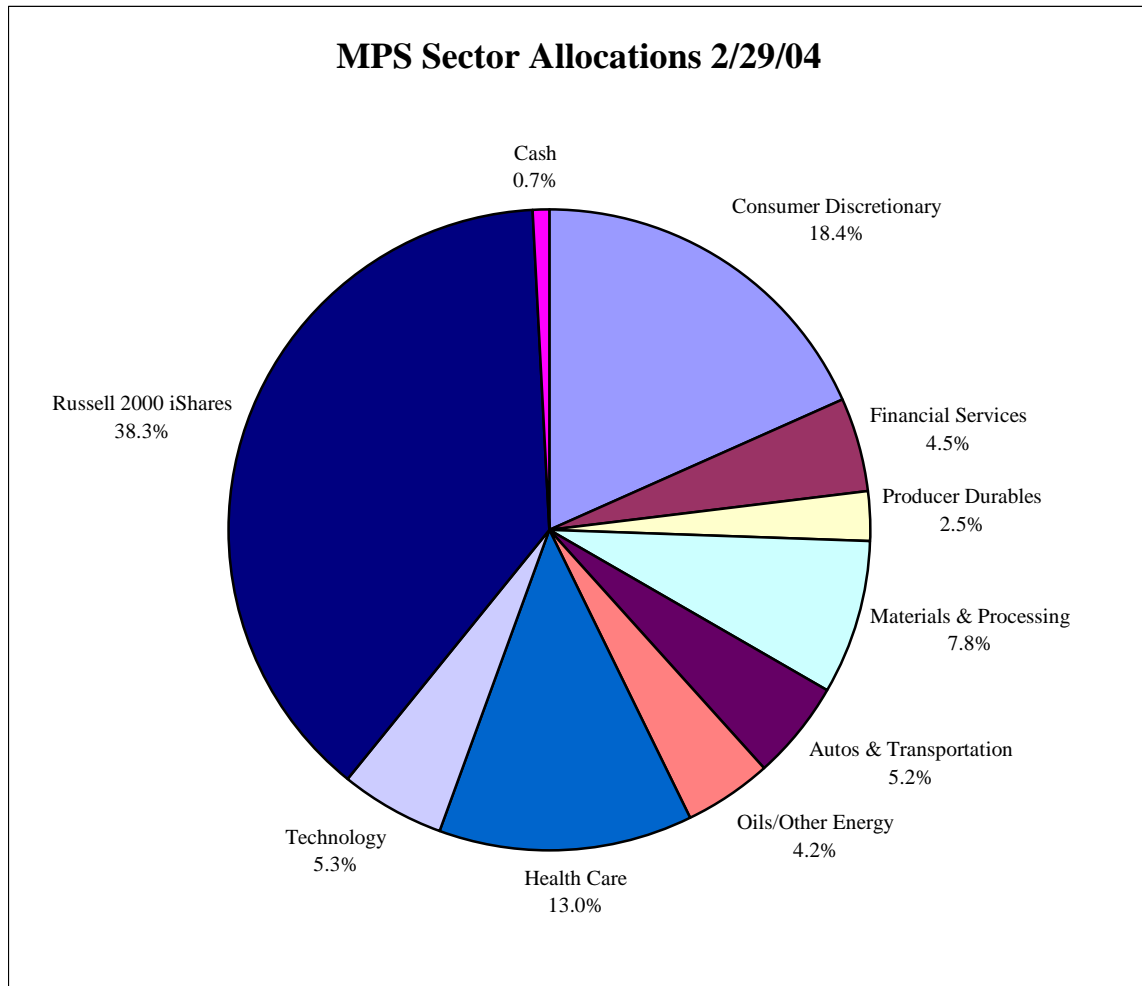
Over the six months ended February 29, 2004, the Russell 2000 outperformed the portfolio with a return of 17.72% versus our increase of 17.20%. Although recent performance has trailed the benchmark index, we have been successful in meeting the primary long-term objective of the fund by achieving a consistent positive return significantly greater than the five percent dividend rate plus the rate of inflation. As we continue to reallocate the portfolio from the iShares into our best ideas, we expect performance to improve. To wit, we outperformed the Russell 2000 in March 2004 by 125 basis points and are ahead of the index for April 2004 (until 4/23) by over 200 basis points.

MPS FUND ASSET ALLOCATION

Following is a summary of the fund's asset composition:

| Small Cap Fund | August 31, 2003 | | February 29, 2004 | |
|-----------------------|------------------------|-----------------|--------------------------|-----------------|
| | Market Value | % Assets | Market Value | % Assets |
| Cash | 1,916 | 0.4% | 4,304 | 0.7% |
| Equities | 505,647 | 99.6% | 590,514 | 99.3% |
| Total | \$507,563 | 100.0% | \$594,818 | 100.0% |
| | | | | |
| Purchases | \$347,177 | | \$511,820 | |
| Sales | 326,948 | | 512,996 | |

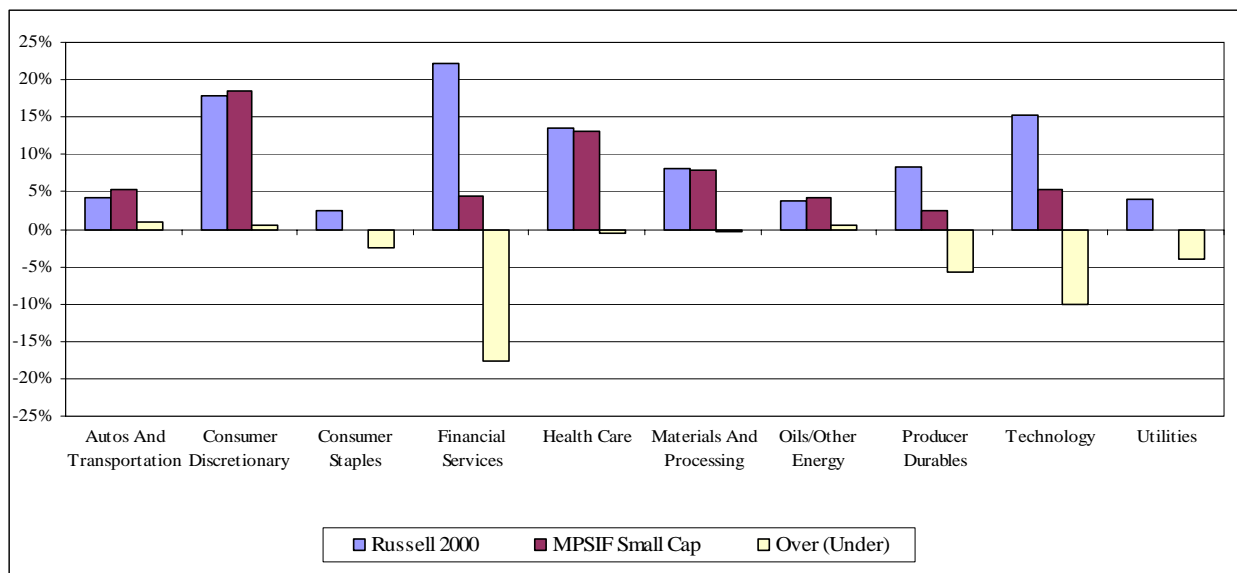
Our sector allocation at the end of February 2004:



The fund does not maintain specific guidelines regarding asset allocation among sectors.

As of February 29, 2004, compared to our benchmark index, the Russell 2000, the fund was overweight in consumer discretionary and health care. The fund has an approximate market weight exposure to autos, consumer discretionary, health care, materials & processing and energy. The fund is significantly underweight in financial services and technology and currently has no individual holdings in utilities and consumer staples. However, due to the fact that we were 38% indexed at the end of February, the deltas in our sector allocations are approximately one-third of what is indicated in the graph below.

The following table highlights the fund's relative sector exposures, as of February 29, 2004.



Note: Russell 2000 data is as of 2/11/04 and is based off of the exchange traded fund, Russell 2000 iShares (IWM).

MPS FUND PROFILE

February 29, 2004 Positions:

| Company | Sector | Shares | Value | % Assets |
|-------------------------|--------------------------|---------------|------------------|-----------------|
| Albermarle Corp | Materials And Processing | 725 | \$20,481 | 3.44% |
| American Home Mortgage | Financial Services | 475 | 12,587 | 2.12% |
| Dade Behring Holdings | Health Care | 625 | 25,531 | 4.29% |
| Daktronics | Technology | 635 | 14,954 | 2.51% |
| EMCOR Group | Materials And Processing | 575 | 21,534 | 3.62% |
| Headwaters | Producer Durables | 1,050 | 24,980 | 4.20% |
| KCS Energy | Oils/Other Energy | 2,140 | 23,155 | 3.89% |
| La-Z-Boy | Consumer Discretionary | 1,000 | 22,720 | 3.82% |
| Martek Biosciences | Health Care | 525 | 31,217 | 5.25% |
| Multimedia Games | Consumer Discretionary | 550 | 23,100 | 3.88% |
| Priority Healthcare | Health Care | 900 | 19,890 | 3.34% |
| Quiksilver | Consumer Discretionary | 1,200 | 23,544 | 3.96% |
| Sinclair Broadcasting | Consumer Discretionary | 1,500 | 18,840 | 3.17% |
| Spartan Motors | Autos And Transportation | 2,000 | 22,000 | 3.70% |
| Steven Madden Ltd | Consumer Discretionary | 1,080 | 20,660 | 3.47% |
| Vicuron Pharmaceuticals | Health Care | 1,150 | 26,876 | 4.52% |
| Websense | Technology | 390 | 10,647 | 1.79% |
| Russell 2000 iShares | Index | 1,952 | 227,798 | 38.30% |
| Total Equities | | | \$590,514 | 99.28% |
| Cash | | | 4,304 | 0.72% |
| Total Assets | | | \$594,818 | 100.00% |

The following table summarizes the fund's top ten individual security holdings (excluding the index) as of February 29, 2004:

| Rank | Company | Sector | Shares | % Assets |
|--------------|-------------------------|--------------------------|---------------|-----------------|
| 1 | Martek Biosciences | Health Care | 525 | 5.25% |
| 2 | Vicuron Pharmaceuticals | Health Care | 1,150 | 4.52% |
| 3 | Dade Behring Holdings | Health Care | 625 | 4.29% |
| 4 | Headwaters | Producer Durables | 1,050 | 4.20% |
| 5 | Quiksilver | Consumer Discretionary | 1,200 | 3.96% |
| 6 | KCS Energy | Oils/Other Energy | 2,140 | 3.89% |
| 7 | Multimedia Games | Consumer Discretionary | 550 | 3.88% |
| 8 | La-Z-Boy | Consumer Discretionary | 1,000 | 3.82% |
| 9 | Spartan Motors | Autos And Transportation | 2,000 | 3.70% |
| 10 | EMCOR Group | Materials And Processing | 575 | 3.62% |
| Total | | | | 41.13% |

For comparison, the top ten holdings of the Russell 2000 benchmark comprised 2.02% of the total as of February 29, 2004 (data from the exchange traded fund IWM).

The following exhibit contains purchases and sales during the six-month period ending February 29, 2004. In total there were seventeen additions to the fund and sixteen sales during this period. Three of the sales were partial sales only, and one purchase was to increase to an existing position. Finally, four positions were both initiated and sold out completely during the reporting period.

| Purchases | Sales |
|--------------------------------|-------------------------------------|
| Albermarle Corp | American Home Mortgage ² |
| American Home Mortgage | Cubic Corp. |
| Dade Behring Holdings | Daktronics ² |
| Daktronics | Gundle Environmental |
| EMCOR Group | Hollywood Entertainment |
| Gundle Environmental | Insituform Technologies |
| Headwaters | Key Energy Services |
| Hollywood Entertainment | Lindsay Manufacturing |
| KCS Energy | Marsh Supermarkets B |
| La-Z-Boy | Oceaneering International |
| Multimedia Games | R&G Financial Corp. |
| R&G Financial Corp. | Rayonier |
| Sinclair Broadcasting Common | Saga Communications |
| Sterling Financial Corp. | Sinclair Broadcasting Preferred |
| Steven Madden Ltd ¹ | Sterling Financial Corp. |
| Vicuron Pharmaceuticals | Websense ² |
| Websense | |

¹ Addition to an existing position.

² Partial sale only.

MPS FUND FINANCIAL STATEMENTS

| | Fiscal Year ending 08/31/2003 | Six Months ending 02/29/2004 |
|---|----------------------------------|---------------------------------|
| <u>CASH FLOW FROM OPERATIONS</u> | | |
| Dividends and MPF Interest | \$6,273 | \$3,063 |
| Bank Interest | 281 | 12 |
| Investment Income | \$6,554 | \$3,075 |
| Expenses / Fees | 3,027 | 892 |
| Net Investment Income | \$3,527 | \$2,182 |

CHANGE IN NET ASSETS

| | | |
|----------------------------------|------------------|------------------|
| Net Investment Income | \$3,527 | \$2,182 |
| Realized Gain (Loss) | 2,629 | 69,440 |
| Unrealized Gain (Loss) | 62,795 | 79,391 |
| Annual Withdrawal | (21,305) | 0 |
| Net Transfers | 0 | 0 |
| Net Other Adjustments | 11,948 | (63,758) |
| Net Change in Assets | \$59,594 | \$87,255 |
| | | |
| Net Assets, Beginning of Period | \$447,969 | \$507,563 |
| Net Increase (Decrease) | 59,594 | 87,255 |
| Net Assets, End of Period | \$507,563 | \$594,818 |

MPSIF SMALL CAP FUND MANAGEMENT TEAM

Adrienne Colby, Co-Portfolio Manager, Materials and Processing

Adrienne worked as an associate at Fidelity Investments in the Quantitative Equity Research group before attending Stern. Following graduation, she will work at Deutsche Bank Securities as an equity research associate. Adrienne has an undergraduate degree from Smith College.

Richard Smith, Co-Portfolio Manager, Technology and Autos & Transportation

Rich currently attends Stern part-time. He works as an analyst in the Fund Treasury Group of Goldman Sachs where he oversees many functions of the US Mutual Funds and serves as an information technology project coordinator for his group. Rich graduated from Rutgers University with a B.A. in Economics and specialization in Finance.

Asif Y. Karmally, CFA, Trader and MPSIF President

After graduating from Northwestern University with a BA in Economics and Political Science, Asif worked with a financial consulting firm for 2 years, advising pension plan sponsors on asset allocation and investment strategy. He then worked with a home textiles export house based in Pakistan for 2 years, before enrolling in the full time MBA program at Stern. Asif spent the last summer at Deutsche Bank's London office, and will be joining the firm's Sales & Trading Associate Program in London upon graduation.

Angela Chang, Consumer Discretionary

Angela graduated from NYU's Stern Undergraduate School of Business in 1997 with a concentration in Finance and International Business. Following graduation, she spent two years as an equity research associate at Alliance Capital Management with a focus on the Gaming, Lodging and Leisure industries. She then spent three years in equity research at Smith Barney, in the Institutional Investor ranked #1 Imaging Technology research team, and was the senior research associate covering Eastman Kodak. Angela is Series 7 and 63 licensed.

Anton Diener, CFA, Treasurer, Consumer Staples and Utilities

Anton graduated from the University of Toronto in 1998 with a concentration in Finance and a major in Economics. Anton worked for 3 years as a Product Analyst for AIM Funds Management Inc, primarily specializing in the launch of new structured products. Anton is a CFA Charter holder.

David Kamiya, Auditor, Health Care

David graduated from the University of Hawaii in 1998 with a major in Finance. Prior to attending Stern, David worked for three years as a risk analyst, municipal bond analyst and portfolio manager for the Asset Management Group of the Bank of Hawaii. David is a CFA level III candidate.

Asif Y. Karmally, CFA, Trader and MPSIF President

After graduating from Northwestern University with a BA in Economics and Political Science, Asif worked with a financial consulting firm for 2 years, advising pension plan sponsors on asset allocation and investment strategy. He then worked with a home textiles export house based in Pakistan for 2 years, before enrolling in the full time MBA program at Stern. Asif spent the last summer at Deutsche Bank's London office, and will be joining the firm's Sales & Trading Associate Program in London upon graduation.

Matthew Keeler, Co-Market Strategist, Health Care

Matt completed Bachelors degrees in Economics and Molecular Biology at the University of California at Berkeley. After graduation, he spent four years at Triage Consulting Group where he was responsible for developing managed care revenue enhancement solutions for some of the largest hospitals in the United States. At Stern, Matt has academic emphases in Finance and Accounting, and is President of the school's Association of Investment Management.

Ajay Kejriwal, CFA, Financial Services

Prior to enrolling at Stern, Ajay worked as Director of Institutional Sales for a banking firm in Mumbai, India. Previously, he worked as an analyst covering the financial services sector in India. Ajay graduated with honors from Calcutta University with a degree in accounting. He was awarded the CFA charter in 2003.

Rohit Kumar, CFA, Financial Services

Rohit has been working at Citigroup for the last five years within the Fixed Income Quantitative Research department. At Citigroup, Rohit performs portfolio analysis and risk management on fixed income portfolios. He received a MS from Stanford University and a B.Tech from Indian Institute of Technology, Kanpur. Rohit also serves as an analyst on the MPSIF Fixed Income Fund.

Timothy McAlea, CPA, Technology and Producer Durables

Tim graduated from the University of Richmond in 1998 with a concentration in Accounting and International Business. Upon graduation, Tim worked for four years as auditor for Arthur Andersen, primarily specializing in the technology industry. This summer Tim worked as a research associate at a long/short equities hedge fund concentrating in the technology, media, and communications industries. Tim is a CPA and Level II CFA Candidate.

Scott Mondrow, Energy, Consumer Discretionary and Producer Durables

Scott is a third year law student at NYU School of Law. He plans to work at the New York-based law firm Schulte Roth & Zabel LLP next fall. Prior to attending law school he worked as an equity research analyst at Sidoti & Company, LLC. He has also completed the first two levels of the CFA exam.

David S. Park, CPA, Communications Director, Financial Services

After completing his undergraduate studies at UCLA, David worked for PricewaterhouseCoopers as a Senior Associate in their audit practice and most recently worked for Homestore, Inc. as a Senior Financial Analyst. David will spend his summer at Credit Suisse First Boston as an Associate in the equity research group. He is CPA and a level 3 candidate in the CFA program.

Steven Pawliczek, Co-Market Strategist, Consumer Discretionary

Steve graduated from Yale University in 2000. At Yale, he majored in economics and history, and worked as a research assistant to Professor Robert Shiller, in the Economics faculty. From 2000 to 2003, he worked in small-cap equity research at Putnam Investments in Boston. At Putnam, he covered stocks in the media, travel/leisure, utilities, basic materials and real estate sectors.

Min Xu, Health Care

Prior to attending Stern, Min worked as an associate in the Mezzanine Finance group of Brown Brothers Harriman. She holds a Bachelor of Arts Degree in Economics from Smith College.

FIXED INCOME FUND

MESSAGE FROM THE PORTFOLIO MANAGER

The six months ending February 29, 2004 saw the Federal Reserve and the economy being the primary drivers for the Fixed Income markets. While the Fed Funds rate was left at a four-decade low of 1%, the markets weighed in every phrase of the statement from the FOMC meeting, especially - “policy accommodation can be maintained for a considerable period”. The treasury curve stayed persistently steep with modest yield changes on the longer end, and credit spreads continued to stay tight.

The market conditions are, however, beginning to change. The Fixed Income fund posted a healthy six-month return of 5.23%, outperforming the benchmark Vanguard Total Bond Fund by 30 basis points. Looking forward, the market appears riskier than it was six months ago. The improving US economy and the Fed, both appear to be poised to contribute towards increasing yields. The consensus among market participants is that the Fed Funds will go up, but a) not in the next 1-2 months and b) not quickly when they do. Corporate Bond spreads have continued to tighten. From a fundamental point of view, the economic recovery and corporate earnings continue to be supportive of Corporates, but Fed tightening has historically produced a widening in credit spreads.

Looking forward, we feel that positioning the fund appropriately for each phase of the tightening cycle would prove crucial in the coming months. We have divided up responsibilities into three teams. Each team is responsible for a sector of the fund, namely – Government bonds, Corporate bonds and Mortgages. The Fixed Income fund as a whole makes asset allocation decisions and each individual team then makes decisions regarding positioning the fund within that sector.

The fund has several objectives for the upcoming year. We plan to take initiatives to make the Fixed Income fund management a bigger learning experience for the fund members by allocating more time and resources to its management. This will also be essential to prudently manage the fund in the relatively difficult rate environment that we are likely to be challenged by over the next year. We will also continue to explore the idea of purchasing individual securities rather than mutual funds, so as to be able to actively manage our interest rate as well as sector exposures.

Rohit Kumar
Portfolio Manager

INVESTMENT STYLE AND STRATEGY

The Fixed Income fund seeks to outperform its benchmark, the Vanguard Total Bond Fund. The fund implements its views by changing the allocation to the three main sub sectors of the US Fixed Income investment grade market, namely – Government bonds, Corporate bonds and Mortgages. Due to its tax exempt status, the fund does not invest in Municipal bonds. Also the fund does not engage in shorting, derivatives trading, or other esoteric investment strategies. Currently, the fund does not buy individual securities. Instead, the fund invests in other publicly traded funds to implement its sector allocations.

MACRO AND SECTOR VIEW

Interest Rates

The unexpectedly high nonfarm payroll number for March and improving retail sales reinforce the notion of an improving labor market and rising business confidence, which in turn has renewed optimism that the US recovery is gaining momentum. Going with the assumption that the economic numbers continue to come in the way they have been, we believe that interest rates will continue to trend upward over the next year, led by the long end of the curve. At the short end, the market is pricing in a 100% chance of an August hike in Fed Funds rate, and is currently trying to assess the speed at which the Fed will tighten. The yield curve is very steep right now and is likely to flatten when the Fed actually starts tightening. We expect the initial move will come as the 2yr/5yr steepens and the 5yr/10yr flattens. As such, we moved allocation away from the longer duration 7-10 year Government bond sector, and into the shorter duration 1-3 year Government bond sector. The 1-3 year sector has a lower sensitivity to interest rates than the 7-10 year sector. Additionally, given the shape of the curve, the 1-3 year sector also provides “roll-down” benefits on the curve.

Mortgage-Backed Securities (MBS)

We are currently neutral on our allocation to Mortgages relative to the benchmark. Mortgage Backed Securities (MBS) are characterized by higher yields with respect to Treasuries and at the same time are embedded with prepayment risk, negative convexity and volatility risk. The range bound interest rate environment of the six-month period ending February 2004 supports over-weighting Mortgages. However, the scenario where rates head significantly higher, accompanied with a rise in volatilities, hurts Mortgages badly and gives cause for concern.

Corporate Bonds

Corporate spreads have continued to tighten significantly over the past year. Narrowing spreads were fueled by both falling default rates and the pursuit of yields in a relatively high priced market. Average spreads on AAA-rated bonds were nearly flat while those approaching high-yield showed marked appreciation.

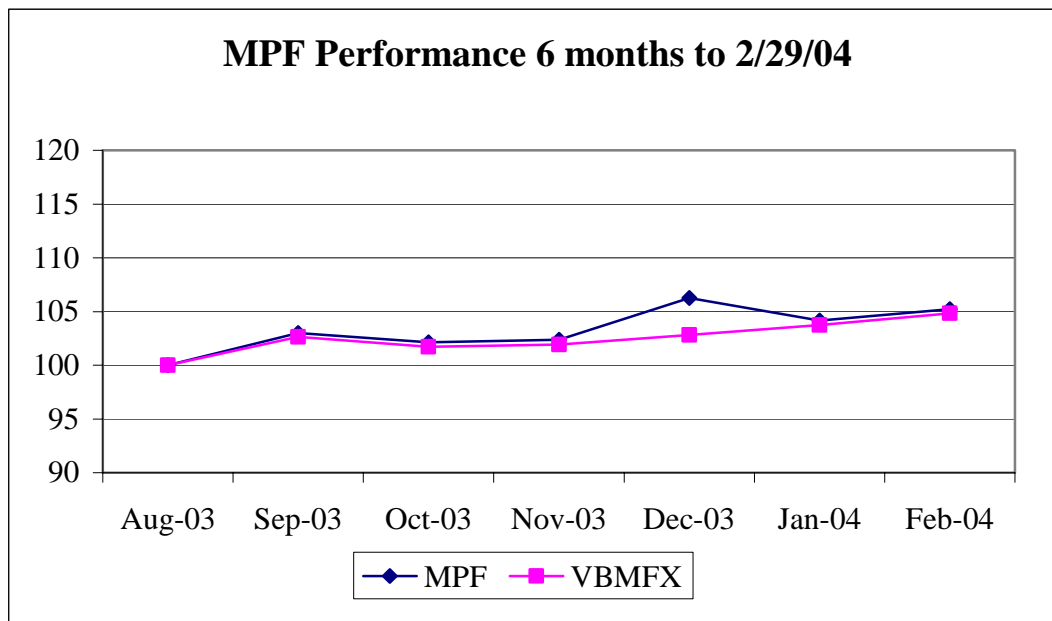
From a fundamental point of view, data support the economic recovery and corporate earnings continue to be supportive. Fed tightening has historically produced increases in credit spreads. However, these increases in credit spreads generally lag the onset of the tightening period by several months. Despite some legitimate concerns, we are committed to our modest overweight of Corporate bonds as there should be a fundamental pressure on spreads to tighten further. Investors, hungry for yield in this low interest rate environment, would further add to the pressure on credit spreads.

MPF FUND PERFORMANCE

We measured the performance of the Fixed Income fund using our new benchmark, the Vanguard Total Bond Fund. For the six-month period ending February, 2004 the Fixed Income fund outperformed the benchmark by 30bp on a cumulative basis.

For the entire six month period ending February, 2004 the Fixed Income fund overweighted Corporate Bonds by about 20%, taking allocation away from Governments and staying neutral to the Mortgage sector with respect to the benchmark. Credit spreads continued to tighten as investors searched for yields in a declining interest rate environment. As such, being overweight Corporate bonds helped the fund outperform the index.

In December, the Fixed Income fund, consistent with its bearish outlook for interest rates, moved allocation away from the longer duration 7-10 year Government bond sector, and into the shorter duration 1-3 year Government bond sector. The 1-3 year Government bond sector, while being less sensitive to rising interest rates (lower duration risk), also yields lower than the 7-10 year sector in the steep interest rate environment. This 1-3 year sector was a drag on the portfolio returns for the second half of the six-month period.



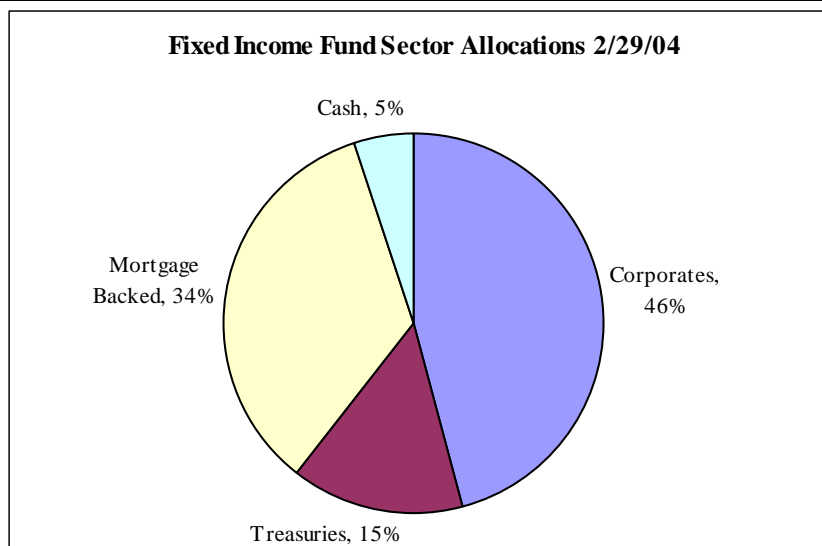
MPF FUND ASSET ALLOCATION

The fixed income group made significant shifts in its investment allocations over the past 6 months. First, to keep the portfolio invested only in investment grade securities, we sold our holdings in our high yield fund. Next, in order to implement our bearish outlook on interest rates, we decided to reduce the duration risk on our US Treasury holdings. We moved allocation in US Treasuries to the 1-3 year bucket and away from the 7-10 year bucket. The 1-3 year sector is relatively less sensitive to rising interest rates. Also, given the shape of the interest rate curve, the 1-3 year sector benefits from the 'roll-down' along the steep curve.

We also reallocated our "mortgage" bond holdings from the Managers fund to the PIMCO fund. This was done in order to better quantify our exposure to negatively convex Mortgage securities, as the Managers fund contained a significant portion of agency debentures, which are not part of the MBS sector. Finally, we shifted more of the overall holdings to credit spread products to take advantage of higher yields relative to treasuries.

Following is a summary of the fund's asset composition:

| MPF Fixed Income Fund | August 31, 2003 | | February 29, 2004 | |
|--------------------------------------|------------------------|-----------------|--------------------------|-----------------|
| | Market Value | % Assets | Market Value | % Assets |
| Cash | 19,011 | 3.7% | 27,347 | 5.1% |
| Equities | 0 | 0.0% | 0 | 0.0% |
| Fixed Income | 493,680 | 96.3% | 512,148 | 94.9% |
| Total | \$512,691 | 100.0% | \$539,495 | 100.0% |
| Purchases | \$407,137 | | \$277,332 | |
| Sales | 350,836 | | 277,912 | |



MPF FUND PROFILE

As of February 29, 2004, MPF owned the following funds:

| Fund Name | Sector | Current Value | Percentage |
|---|--------------------|----------------------|-------------------|
| Barclays iShares GS\$ InvesTop Corporate Bond Fund (LQD) | Corporates | \$247,141 | 46% |
| Barclays iShares Lehman 1-3 year Treasury Bond Fund (SHY) | Treasuries | \$79,121 | 15% |
| PIMCO Total Return Mortgage A (PMRAX) | Mortgage Backed | \$185,886 | 34% |
| Cash | Cash | \$27,347 | 5% |
| Totals | | \$539,495 | 100% |

MPF FUND FINANCIAL STATEMENTS

| | Fiscal Year ending 08/31/2003 | 6 Months ending 02/29/2004 |
|---|----------------------------------|-------------------------------|
| <u>CASH FLOW FROM OPERATIONS</u> | | |
| Dividends and MPF Interest | \$23,698 | \$11,219 |
| Bank Interest | 387 | 62 |
| Investment Income | \$24,085 | \$11,281 |
| Expenses / Fees | 1,368 | 688 |
| Net Investment Income | \$22,717 | \$10,593 |

CHANGE IN NET ASSETS

| | | |
|----------------------------------|------------------|------------------|
| Net Investment Income | \$22,717 | \$10,593 |
| Realized Gain (Loss) | 3,928 | 2,957 |
| Unrealized Gain (Loss) | 8,452 | 21,719 |
| Annual Withdrawal | (26,975) | |
| Net Transfers | 0 | 0 |
| Net Other Adjustments | (5,868) | (8,456) |
| Net Change in Assets | \$2,254 | \$26,804 |
| | | |
| Net Assets, Beginning of Period | \$510,437 | \$512,691 |
| Net Increase (Decrease) | 2,254 | 26,804 |
| Net Assets, End of Period | \$512,691 | \$539,495 |

MPSIF FIXED INCOME MANAGEMENT TEAM

Rohit Kumar (Small Cap) – Portfolio Manager; Mortgage-Backed Securities

David Kamiya (Small Cap) – Interest Rate and Government Bonds

Reuben Govender (Growth Fund) – Interest Rates and Government Bonds

Paul Chisholm (Value) – Corporate Bonds

Michael Chen (Value) – Mortgage-Backed Securities

(For member profiles, please see appropriate equity fund section).

The current owners of the fixed income fund and their shares are:

| Owner | Shares | Dollars |
|---------------------|---------------|----------------|
| MPG | 0.333333 | 179,832 |
| MPS | 0.333333 | 179,832 |
| MPV | 0.333333 | 179,832 |
| <i>Total</i> | 1.000000 | 539,495 |



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>

