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University of Dayton

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NEWS RELEASE

A HOT PICK: STUDENT-MANAGED PORTFOLIOS WITH REAL ASSETS MUSHROOM AT BUSINESS SCHOOLS, NEW SURVEY INDICATES

DAYTON, Ohio — The downturn in the stock market has not scared away some investors — business school deans who are handing over real money to finance students to help them learn how to manage portfolios.

According to preliminary findings from a University of Dayton survey of deans at 350 business schools, the number of student-managed portfolios has mushroomed on campuses, with more than half started within the last three years.

"There's been a tremendous growth in the number of schools starting funds. It's hot in the academic world because it gives students a leg up in the job market," said David Sauer, associate professor of finance at the University of Dayton. Sauer is the founding director of the University of Dayton's Center for Portfolio Management and Security Analysis where undergraduate students manage a \$1 million portfolio.

The survey, conducted last spring, received 123 responses, or a 35 percent response rate.

Major findings include:

- Of the 67 colleges and universities with student-managed portfolios, 52 percent were established within the past two-and-a-half years, and 39 percent started within the last 18 months. In contrast, there were only four funds on college campuses in 1980. Most of the funds have been started with money from the schools' endowments or private gifts, according to Sauer.
- Twenty schools have opened investment centers, 40 percent in the last six months and 55 percent within the last 18 months. The University of Dayton facility is the only one run solely by undergraduates.
- While 31 percent of the student-managed portfolios have fewer than \$100,000 in assets, 12 percent (or nine) are valued at \$1 million or above. Sizes of the funds range from \$11,000 at the University of Central Arkansas to \$14 million at the University of Texas at Austin. Most funds (40) are managed by either graduate students or a combination of undergraduate and graduate students. Undergraduates manage 23 of the funds.

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This month, the University of Dayton hosted the nation's first student investment strategy symposium and portfolio competition. A panel of portfolio managers from investment management firms around the country named Rice University, Stetson University and the University of Dayton national champions. The three teams will open up the Nasdaq MarketSite in Times Square on April 30. In all, students from 43 universities from 27 states and Canada attended the symposium, with 20 placing their portfolios on the line after one of the worst years in Wall Street history.

"From an educational perspective, this time is *the* best. Students learn the importance of managing risk and the need for adequate diversification. There's nothing better in terms of learning than when you have to make a decision and live with it," Sauer said.

The University of Dayton's state-of-the-art center and investment curriculum have caught the attention of investment managers and other business schools that want to copy the model. "UD is without a doubt the trailblazer in the U.S.," says nationally known investment analyst Robert Froehlich, an alumnus who sits on the center's advisory board and helped guide its development. "It's light years ahead of what anyone is even thinking about doing."

Froehlich, a regular on CNN's "Squawk Box," believes the real-world experience of handling real money gives college students "a jump start" in their careers. "This is, without a doubt, the single most important thing college students can be doing today if indeed they want jobs in the investment community," he said. "There's no class, no series of classes, no internship, nothing that can give you the same leg up as actually having managed real money. Ten years from now it's going to be as important a prerequisite as your first accounting class."

Adam Molina's experience managing the University of Dayton's Center for Portfolio Management and Security Analysis landed him job opportunities around the country when he graduated in December. He signed on as an equity analyst with IBJ Whitehall Financial Group in New York City. "The experience has been very marketable," said Molina, who also worked as a portfolio management intern with Fifth Third Bank in Dayton, where he routinely made "buy" and "sell" recommendations and executed equity trades for \$40 million in bank assets. "It's opened up a lot of doors that were previously closed."

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