



Department of Finance

FINANCIAL

Matters

Issue 11 - Summer 2014

Greetings from the Eller Finance Department

It has been another great year for the Department. I hope you enjoy reading about our students, faculty, and programs. Let me start with a few of this year's highlights.

- Finance continues to attract the very best and brightest students—Finance majors captured two of the six University-wide awards for outstanding seniors (see pages 4-6 for a list of finance's award winning students).
- Will (MS Finance, '76) and Catherine Jenkins established and generously funded the Jenkins Leadership Scholars Program for Finance. (See more details on page 7.)
- Both the undergraduate and Master's programs were accepted into the Chartered Alternative Investment Analyst (CAIA) Academic Partnership Program. The CAIA partnership program provides scholarships for UA students to take the CAIA exams.
- We continue to expand experiential learning opportunities for our students. Teams competed in the Chicago Mercantile Exchange's (CME) trading challenge; the Chicago Quantitative Alliances' (CQA) Investment

Challenge; the CFA Challenge; and the first annual undergraduate student residential real estate challenge sponsored by Meritage Homes. (See more details on page 6.)

- We added a 16-month option to our Master's in Finance program. This new option allows students the opportunity to complete an internship in the summer between coursework and lets international students have a longer U.S. experience.
- Professor Sandy Klasa was named the co-holder of the Anheuser-Busch Chair in Entrepreneurship Studies and Professor Kathy Kahle was awarded the Thomas Moses Professorship in Finance.
- Through the combined efforts of Jeff Welter in our undergraduate programs office and our devoted alumni, a number of Eller students will spend their summer in Wall Street internships at Deutsche Bank, Goldman Sachs, Morgan Stanley, RBC Capital Markets, and UBS.
- Demand for our students continues to rise. Placements this year included Accenture, AXA Advisors, BDO,



Your comments and suggestions are always welcome.

Go Cats!

RICK SIAS

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Blackrock, Discover, Edward Jones, Fisher Investments, Goldman Sachs, Honeywell, ING, NW Mutual, Oracle Capital, PWC, RBC Capital Markets, Starwood Hotels, USAA, and Vanguard among others. The median starting salary for our undergraduate finance students was \$51,000.

- Our faculty and staff continue to win awards for their outstanding teaching and service (see page 7 for details).
- Your gifts made these tremendous accomplishments possible. See the back page for more on the new Arizona Now campaign and how to Make Eller Greater. Your support to the department empowers finance students with opportunities like nowhere else.

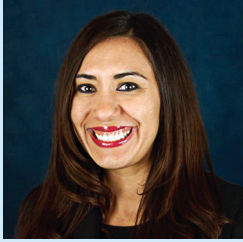
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Meet Our Students >>>



>>> Kelly Chavez <<< *Undergraduate Junior*

Currently a junior studying finance and business economics, Kelly Chavez expects to graduate in May 2015. She received an Eller's 50 Hispanic Scholars of the Year and a 50 Collegiate Women of the Year 2013 award. Kelly hopes to start her career in securities trading while working toward her CFA. She was born and raised in Phoenix.

What's unique about Kelly?

Here are some things that make her, her:

I wanted to be an engineer when I was growing up.

In fact, I competed in NASA engineering competitions during high school, which led me to get a NASA sponsored internship at Northrop Grumman Aerospace.

I love trivia and competed on the Eller team in the Wall Street Journal Biz Quiz, a business trivia competition.

This summer, I will be interning with Edward Jones' trading division at the Tempe headquarters.

I currently work for Eller as a Professional Development Associate and Paraprofessional Advisor. I love getting to help other students.

What I love about finance is that it combines quantitative skills with communication skills.

My internship with Disney led me to pursue a business degree.

My favorite pet was a cat named Spartacus.

I love trying new types of fitness activities. Currently, my favorites are indoor cycling and kickboxing.

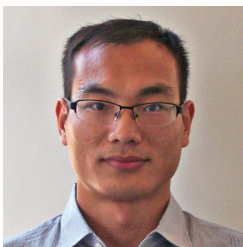
I am currently reading *Boomerang*, by Michael Lewis.

My favorite books are *Catcher in the Rye* and *Pride and Prejudice*.

My lifetime goal is to see a baseball game in every MLB stadium. (4 down!)

My Myers-Briggs type is ESTJ [extraversion (E), sensing (S), thinking (T), judgment (J)].

In the fall, I will be studying abroad in Rome.



>>> Xiaohui Yang <<< *(Shawn)* *Master's in Finance*

Xiaohui (Shawn) Yang plans to complete his Master's in Finance degree in August 2014. He writes weekly blogs about the master's program in Chinese and responds to prospective students' questions. Shawn was born in Beijing, China and completed his undergraduate degree in Information Management Systems.

Shawn shares:

10 other things that are unique to him:

Favorite quote: "Life is just like a box of chocolate. You will never know what you are going to get, just enjoy it."

Memorable experience: Adopting and caring for two homeless cats.

Tucson favorites: Warm winter and stars.

Favorite TV show: "Friends."

Favorite arts: Oil painting, music and singing. (He wants to learn to play the piano.)

Favorite game:

Go (game) – a traditional board game for two players that is rich in strategy, though it has relatively simple rules.

Exciting experience:

Attended a lecture by Roger Christiansen, director of "Friends."

Favorite sports:

Badminton and American football (though he admits he hasn't played football yet).

Confessions:

- I am not good at taking tests.
- I never hesitate to smile at strangers.
- I am very conservative about trying new foods.

Plans for the future:

- When I was a child, I hoped to be a successful entrepreneur.
- I plan to teach in college after I've had a successful career in investment banking.



»» **Douglas J. Fairhurst (DJ)** ««
Doctoral

DJ Fairhurst graduated with a Ph.D. from the UA Finance Department in May 2014. Prior to joining the doctoral program, he completed a bachelor's in accounting from Utah Valley University and an MBA with a concentration in Finance from Brigham Young University.

DJ shares the highlights of his doctoral program:

DJ's dissertation, "*Financing Seasonal Demand and Capital Structure Choice*," written under the direction of Dr. Sandy Klasa, examines the financing and capital structure decisions of firms facing seasonal demand. Although seasonal firms account for an important fraction of the U.S. economy, we surprisingly know little about how seasonality impacts the financing of these firms. DJ develops and tests a model to explain the relation between these firms' capital structure and seasonality in their demand.

"I am thankful to the department, faculty and other students for the great experience I had during the finance doctoral program," stated DJ. "The resources provided created tremendous opportunities for success in the field. I presented my research at several internationally recognized conferences.

A highlight of my doctoral program was presenting my dissertation at a top-tier finance conference held at Cambridge University in the United Kingdom. In the fall, I will join the finance faculty at Washington State University. My wife, Kindra, and I are very excited to be at a Pac 12 school with great resources for research as well as in a community that is conducive to raising our four children."

"I found the people in the department to be the most valuable," continued DJ. "The faculty are very well recognized researchers who provide great mentoring and opportunities for collaboration. The time I spent with the other students will likely be what I remember most from my time at Arizona. The collegiality amongst the doctoral students is exceptional."

Meet Our Alumni »»»



David Baggs
Alumni Profile

David Baggs is vice president of capital markets and investor relations at CSX Corporation, directing every aspect of the company's capital structure and interaction with shareholders, bondholders, rating agencies, and the investment and commercial banking community.

Under David's leadership, CSX's investor relations program has been ranked among the best by Institutional Investor Magazine the past four years. He also directs the company's capital markets activities associated with nearly \$10 billion of publically-traded debt.

David earned his bachelor's degree in finance from the University of Arizona in 1981 and a MBA from The College of William and Mary in 1985. Born and raised on the east coast, he found attending UA an opportunity to experience a totally different part of the country – its people, its culture, and its lifestyle.

At UA, David considered majoring in architecture. Though business won out, his passion for designing and building remained.

David is active in numerous associations and boards, including

the National Investor Relations Institute, the Association for Financial Professionals, the Board of Directors for the American Red Cross (North Florida) and the Finance Advisory Board here at Eller.

David offers this advice to graduates, "How you work with people, how you communicate and influence others, how you make others feel in your presence . . . in short, how you lead . . . will be the biggest differentiator for you in your job search, your career and your contribution to your company and to society in general."

David added, "My career success to a large degree is due to the education and experience I gained while attending the University of Arizona. As such, it is important to me to give back to the institution that started my career in business."

Our Amazing Student Award Winners ▶▶▶

The Finance Department attracts amazing students who excel at academics, giving back, and leadership. As a result, they were recognized by the university, department and industry. All award recipients are finance majors with top GPAs and numerous roles on campus and in the community. Here's a quick introduction to these spectacular finance majors.



Colton Cray

2014 UA Robie Gold Medal Award

MAJORS: Finance, Management Information Systems, Entrepreneurship and Operations Management, a minor in Global Business; Eller Global Cohort experience in Bangalore, India

PASSION: Colton is in the early stages of launching a private wine company—"BottleKnows Wines"—with his entrepreneurship team.

CONTRIBUTIONS: Young Life Ministries-worked with south Tucson middle school students; Arizona Women's basketball team-volunteer scout player

NEXT STEP: SC Gould School of Law-12th Frank Rothman Scholar, USC Law's most prestigious scholarship, and clerk the next summer at Skadden, Arps, Slate, Meagher & Flom



Juan Peraza

Outstanding Finance Senior Award
Spring 2014

MAJORS: Finance and Business Economics - Honors

PASSIONS: Juan enjoys basketball – watching and playing, and traveling – a lot!

ACCOMPLISHMENTS: UA Investment Club President; mentored five students to secure internships in several New York City investment banks

KEY EXPERIENCE: Sales and trading summer analyst with Goldman Sachs

NEXT STEP: Goldman Sachs Securities Division in New York City

Emily Huang

2014 UA Nugent Award



MAJORS: Finance-Honors and Applied Mathematics

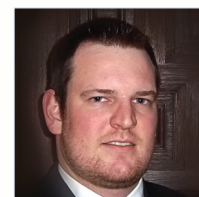
CHALLENGE: Emily came to the U.S. at the age of 15 speaking no English. Following a high school ESL program and honors classes, she accepted a full-ride scholarship to UA.

KEY CONTRIBUTION: Take Charge America Institute-presented over 300 workshops in personal finance, directly impacting more than 1,700 high school students

NEXT STEP: CFA Level 1 (June 2014); Massachusetts Institute of Technology (MIT) graduate school, Master's in Finance

Brandon Lippert

Outstanding Finance Senior Award
Fall 2013



MAJOR: Finance

PASSION: Brandon wanted to work with animals at a very young age. He is passionate about hunting, fishing and wild-life management.

KEY EXPERIENCES: Internships where he applied his business and finance skills, particularly at Oracle Capital and Raytheon Missile Systems

FIRST STEP: Analyst at Oracle Capital LLC in Tucson

Bryce Keffeler

Finance Department Head's Award for
Academic Distinction, Spring 2014



MAJORS: Finance and Entrepreneurship; Certificate in Sports Management

PASSION: At an early age, Bryce planned to be a professional baseball player. He enjoys watching sports and describes himself as "an Arizona Athletics fanatic!"

KEY CONTRIBUTION: Spring Fling-Senior Business Operations Chair

NEW EXPERIENCE: Visiting Russia and the Baltic Region

NEXT STEP: Financial analyst with Intel, with the goal of moving to the Intel Capital venture capital wing in Silicon Valley



Charles Novotny (Alex)

2013-14 Fielding-Singh Award (Finance)

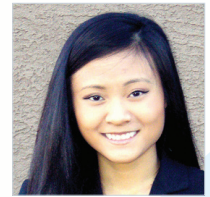
MAJORS: Finance and Entrepreneurship; Philosophy minor; Eller Global Cohort experience in Bangalore, India

UNIQUE EXPERIENCE: UA Radio DJ for a weekly 1 hour show broadcasting world jazz music and current financial news

KEY CONTRIBUTION: National Collegiate Leadership Conference Finance and Fundraising Chairperson

ACCOMPLISHMENT: Passed CFA Level 1 Exam; plans to take Level 2 next year

NEXT STEP: Valuation Associate with BDO in Chicago



Mandy Wang

2013-14 Fielding-Singh Award (Finance)

MAJORS: Finance and Economics - Honors; Mathematics minor

DEFINING EXPERIENCE: Born in Taiwan, Mandy moved to the U.S. when she was 12. The move encouraged her to continually challenge herself to go out of her comfort zone and push the boundaries.

PASSION: Reading anything written by Bill Gates

ACCOMPLISHMENT: Discovering what she is truly passionate about – finance!

NEXT STEP: Index research analyst with BlackRock in San Francisco, with the goal of becoming a fund manager



Libby Stropko

William Barrett Award (Eller College)

MAJORS: Finance; Spanish minor

PASSION: As a child, Libby wanted to be a lawyer as a way to stand up for what was right.

CONTRIBUTION: Philanthropy Chair of UA Bobcats Senior Honorary

KEY OPPORTUNITY: Speaking to the annual Women's Networking Tea as the Eller's Collegiate Woman of the Year recipient

NEXT STEP: National Traveling Consultant for Chi Omega Fraternity



Kevin Choi

2014 FEI-McGladrey Academic Excellence Award

MAJOR: Finance and Accounting (junior)

DEFINING EXPERIENCE: Tracking Facebook's IPO

CONTRIBUTIONS: Executive Board Member of Students Consulting for Non-Profits; Accounting Analysis Chair for Spring Fling

KEY OPPORTUNITY: Financial Analyst internship with Clean Energy Capital valuing buyout targets and developing LBO models

NEXT STEP: Summer sales and trading internship with UBS in New York City



Alexander Cohen

Top 3 in Worldwide, February 2014
Bloomberg Aptitude Test

MAJORS: Finance and Mechanical Engineering - Honors

PASSION: UA Basketball

KEY EXPERIENCE: Applied Portfolio Management team-\$1.3M
UA Foundation Student-Managed Portfolio

KEY ACCOMPLISHMENT: 2nd annual CQA Investment Challenge team-developed long-short beta neutral hedge fund and placed 3rd overall

NEXT STEP: Analyst at Dodge & Cox Funds in San Francisco; CFA Level I exam (June 2014)

ULTIMATE DREAM: Hedge fund or mutual fund manager



Nathan Schlatter

Eller College Outstanding Student
Organization President

MAJOR: Finance; Certificate in Sports Management

PASSIONS: Baseball, mountain bike riding - and all sports!

CONTRIBUTIONS: FanFest of the Arizona Diamondbacks two-year volunteer; 2013 Final Four Intern for the National Associate of Basketball Coaches in Atlanta

KEY EXPERIENCE: Eller College FMA visit with Mr. Warren Buffett (and a handwritten page of his wisdom)

ACCOMPLISHMENTS: IMG and Arizona Athletics internships that opened many doors

ULTIMATE DREAM: Baseball team Athletic Director or President



Melissa Rose

Altria Values in Action Award

MAJOR: Finance (junior); 2013 Eller Global Cohort experience in Brazil

PASSION: Spending any free time to play soccer or tennis

UNIQUE EXPERIENCE: Living on both coasts of the U.S.-moving from New Jersey to Southern California

ACCOMPLISHMENT: Persuading visiting Goldman Sachs alumni to interview her for summer internships

NEXT STEP: Summer sales and trading internship with Goldman Sachs Securities Division



Alison Underhill

Altria Values in Action Award

MAJOR: Finance; Spanish minor (junior)

PASSION: Alison has been a skier since she was three, and began racing when she was twelve.

BEST EXPERIENCE: Putting on the Eller Career Showcase with the Eller College Student Council

KEY CONTRIBUTION: Streamlined web-based communication and developed a newsletter template for a STEM school of DMAFB with a business communications team

NEXT STEP: Operations internship with Goldman Sachs in Salt Lake City

Experiential Learning Opportunities

2

Two student teams (one undergraduate, one graduate) from Anjelina Belakovskaia's risk management courses participated in the Chicago Mercantile Exchange's (CME) trading challenge. Teams traded a variety of CME Group products from multiple assets classes, learning about trading derivatives and hedging.

1

UA finance students took third place in the Chicago Quantitative Alliance (CQA) Investment Challenge. Even though this was UA's first time competing, the Eller Finance students earned third place out of 24 schools beating Dartmouth, University of Chicago, Duke, UCLA, Rice, Purdue, University of Michigan and Carnegie Mellon among others. Students managed an equity long-short portfolio, learned about risk factor modeling, and gained exposure to industry leading software. Congratulations to the students Alexander Cohen, Josh DiBiasi, Karmi Gutman, Laura Hobbs and Juan Peraza, faculty advisor Senior Lecturer Tom Gosnell, CFA, and practitioner advisor and Finance Advisory Board member Chris Campisano, CFA, CAIA.

3

An undergraduate team competed in the CFA Challenge under the guidance of Senior Lecturer Tom Gosnell and retired faculty member Don Seeley. The team earned 2nd place in the regional competition. This challenge promotes best practices in equity research among the next generation of analysts.

4

Meritage Homes generously provided funding (\$15,000) for this first annual undergraduate student residential real estate challenge (organized by Senior Lecturer Mike Bond). Teams in this national competition critically examine a current issue facing the residential real estate market.

Benefactors

Thank you to all of our alumni and friends who have supported the Finance Department, the Eller College and The University of Arizona with donations. The generosity of our Alumni and Friends support department activities—including student competition fees, student activities, scholarships and speakers.

We thank the following individuals for their contributions to support departmental operations:

- Venkat (Vinnie) Badinehal
- David and Leigh Anne Baggs
- John Bagley
- Bonnie Bedillion
- Kimberly Beekman
- BlackRock
- Bpeo Designs
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- Kevin Harbour
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- Halbert Lindquist
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- Tucson Society of the CFA Institute
- Charles and Kerry Tyler
- Pnyllis Wason
- A James Weitzenfeld Memorial Foundation
- Wells Fargo Foundation
- Alexander Wilson
- Alexandria Winslow
- Jianghong Zhao

FACULTY RESEARCH UPDATE: ASSISTANT PROFESSOR LUBO LITOV

A recent thought provoking article by Assistant Professor Lubo Litov (co-authored with Simone Sepe of the UA Law School and Charles Whitehead of Cornell) is making headlines in both the popular and academic press. Lubo's study examines if a lawyer on the board of U.S. corporations helps or hurts public companies' value. The evidence suggests lawyers help—companies with lawyers on the board of directors have both lower default risk and litigation risk. For example, companies with a lawyer on the board had a 94% lower rate of stock option backdating litigation. As a result of these, and other benefits, the authors estimate that companies with a lawyer on the board are valued almost 10% more than similar companies that do not have a lawyer on the board of directors. Lubo's article (recently published in the *Georgetown Law Journal*) has been the focus of several popular press articles including coverage in the *Financial Times* and the *NYSE Corporate Governance Services Bulletin*.

FINANCE FACULTY AND STAFF WIN MULTIPLE COLLEGE AWARDS

- Senior Lecturer Chip Ruscher and Assistant Professor Ryan Williams both received the Eller Dean's Award for Teaching Excellence. (Finance received two of only four awards given in the College.)
- Associate Professor Eric Kelley received the FMA Innovation and Teaching Award.
- Assistant Professor Ryan Williams received the Scrivner Teaching Award for excellence in teaching and service to the finance department.
- Kay Ross, Director of Finance Graduate Programs and Academic Affairs, won the Eller Employee Award for Excellence.

Jenkins Leadership Scholars Program



Will and Catherine Jenkins

We are pleased to announce the Will and Catherine Jenkins Leadership Scholars Program for Finance, established and generously funded by Will (MS, Finance '76) and Catherine Jenkins, to identify and provide mentoring and leadership training for selected finance candidates. The program will provide leadership growth opportunities for those who are already organically demonstrating notable accomplishments – through sacrifice, hard work, and the involvement of others, then train them how to further influence and lead teams into extraordinary accomplishments. Masters-level, seniors, juniors and sophomores will participate in cohort style with the first Jenkins Scholars to be selected in Spring 2015.



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A Visit with Warren Buffett



Eller students spent a day with Warren Buffett in Omaha, Nebraska (February 28, 2014).

Student Portfolio Beats Benchmark

The students in our applied portfolio management course—who manage \$1.3M of the UA foundation money—had an extraordinary year with the student fund outperforming the benchmark portfolio by 4.5% between September 2013 and March 2014.

▶▶ Make Eller Greater ◀◀

Participate in the UA's Arizona Now Campaign

When you make a gift to Eller's Finance Department, you help finance students place into top careers, facilitate real-world learning, and ensure that our students are taught by top faculty. Visit MakeEllerGreater.com for more information and easy online giving.



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